

AR59

[NEW]
NUMAC

1999



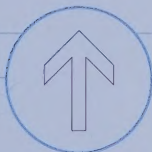
profile Numac Energy Inc. is engaged in full-cycle exploration, development and production of crude oil, natural gas and natural gas liquids in western Canada and is one of Canada's top 25 oil and gas producing companies.

Numac enters the millennium as a new company – a stronger company focused on bottom line results. We sold assets to improve our focus on core areas. We simplified our corporate structure to enable multi-disciplined teams to add value. Simple, meaningful rate of return criteria drive investment decisions. The new Numac is strongly positioned and optimistic about the future.

our purpose is to consistently deliver top quartile growth in shareholder value through exploration and production of crude oil and natural gas.

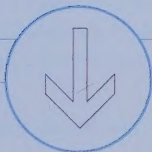


increased production



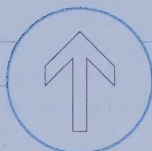
Following the completion of a major non-core property divestiture program, Numac increased volumes by 16 percent, from a 1999 entry rate of 25,000 boe/day to a fourth quarter average exceeding 29,000 boe/day.

reduced costs



Attention to cost control reduced unit operating, general and administrative, and interest costs by more than one dollar per barrel – improving 1999 cash flow by \$10 million.

increased focus



The number of working interest wells was reduced by two-thirds to 1,300 wells from 3,900 wells. The proportion of operated production has increased from 60 percent to more than 70 percent.

reduced debt



Long-term debt has been reduced dramatically from almost \$300 million in mid-1998 to less than \$155 million at the end of 1999, resulting in a year end debt to cash flow ratio of only 1.1.

HIGHLIGHTS

Years Ended December 31

1999**1998****FINANCIAL**

(\$ thousands, except per share amounts)

Revenues	234,189	194,259
Funds from operations	137,737	78,207
Per share	1.44	0.82
Net income (loss)	40,398	(131,777)
Per share	0.42	(1.38)
Capital expenditures		
Exploration and production	109,832	93,748
Acquisitions	20,552	4,595
Disposition of assets held for sale	52,247	25,400
Proceeds on sale of other property	17,738	84,972
Total assets	527,367	495,026
Long-term debt	154,433	216,859
Shareholders' equity	244,051	203,568

OPERATIONS**Production**

Crude oil and natural gas liquids (bbls/day)	16,132	17,956
Natural gas (mmcf/day)	117	144

Average prices

Crude oil and natural gas liquids (\$/bbl)	21.56	14.78
Natural gas (\$/mcf)	2.51	1.85

Expenses per boe of production

Operating expense	4.57	5.13
General and administrative expense	0.89	1.11

Proved reserves

Crude oil and natural gas liquids (mmbbls)	50.6	47.2
Natural gas (bcf)	268	303

Canadian undeveloped land (thousands of net acres)

1,834	1,549
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Wells drilled

Gross	101	122
Net	62	53
Success rate (net wells)	75%	85%

In the last half of 1998, we restructured the Corporation and initiated new strategies to restore financial flexibility, improve operating focus and establish a base for future growth.

What are Numac's key strategies to achieve its objectives?

ENHANCE TEAMWORK AND ACCOUNTABILITY

Numac has implemented a flat organizational structure – all personnel report to a member of our Leadership Team. The reduction in layers of management speeds up decision making. Accountability is enhanced with a performance based compensation system.

SIMPLIFY CORPORATE STRUCTURE

Numac has eliminated seven subsidiaries and an internal partnership structure to simplify our business.

FOCUS ON CORE AREAS

Increased focus enables teams to create a competitive advantage in geographic areas and generate superior results.

CONCENTRATE ON BOTTOM LINE

All capital spending requires a minimum 12 percent after-tax rate of return using a conservative commodity price forecast. We believe that concentrating on rate of return, rather than simply production growth or finding costs, will drive long-term profitability.

STRENGTHEN BALANCE SHEET

We operate in a cyclical industry. A strong balance sheet enables a company to take advantage of business opportunities in low cycles, and to thrive in high cycles.

What are the tangible results of the implementation of your strategies?

- Production growth – Numac entered 1999 with production of 25,000 boe/day. Production volumes increased steadily to an average of 29,136 boe/day in the fourth quarter.
- Cost control – Cash costs (operating, general and administrative, and interest) dropped to \$6.70 per boe, a 14 percent reduction compared to 1998.
- Cash flow was \$137.7 million (\$1.44 per share), an improvement of 76 percent compared to 1998.
- Profitability was restored with record net income of \$40.4 million (\$0.42 per share), which is a 20 percent return on equity.
- Long-term debt was reduced to \$154.4 million at year end representing 1.1 times tracking cash flow. Numac has no off balance sheet debt; all capital and operating facilities leases have been repaid.

→ Proven reserve replacement costs were \$9.55 per boe prior to reserve revisions and \$11.15 per boe including revisions of prior year estimates. Despite investing only 82 percent of cash flow, proven reserve additions replaced production for the year.

What are the main challenges for Numac in the coming year?

The fundamental challenge for all exploration and production companies is to discover and produce oil and gas reserves at a cost that provides a satisfactory rate of return on investment. Numac's bread and butter development and exploitation programs in its core areas can provide consistent, profitable growth. Over the long haul, exploration success coupled with strategic acquisitions will provide new assets to develop and exploit.

In 1999, our new teams developed a number of exploration concepts and acquired substantial undeveloped land blocks at 100 percent working interest. These areas will be evaluated by drilling in the year 2000. In addition, we acquired interests in Ferrier, Crystal, Joffre and Maple Glen, in Alberta, which complement our existing property base.

What are the corporate objectives for the year 2000?

Our key objective is to achieve a minimum 12 percent after-tax rate of return on capital projects. In 2000, Numac plans to invest approximately \$145 million in its exploration and development programs. Ongoing programs split equally between our three core areas are complemented by \$10 to \$15 million of investment on impact exploration opportunities.

Through re-investment of cash flow, Numac has an objective to grow by 10 to 15 percent per year.

The industry environment has changed remarkably over the past year. What is your outlook for the industry and for Numac?

The commodity price environment is currently very positive. While oil prices will probably moderate during 2000, both oil and natural gas prices are expected to remain in a range which will provide strong investment returns for our capital program.

The combination of high commodity prices, a focused asset base, reduced cost structure, an excellent balance sheet and teams of highly motivated employees make us very optimistic about Numac's prospects.

On behalf of the Board of Directors,

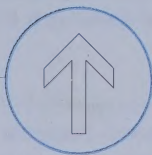


Douglas W. Palmer
President and Chief Executive Officer
February 25, 2000



Donald J. Taylor
Chairman

Numac entered 1999 as a focused western Canadian crude oil and natural gas exploration and production company. We achieved this through major non-core asset divestiture programs in 1998, which eliminated 90 properties, reduced the gross well count from 3,900 wells to 1,300, and increased the proportion of Numac-operated production from 60 percent to more than 70 percent.



Numac has narrowed its operating focus to three core areas:

- CENTRAL ALBERTA
for light oil and liquids-rich natural gas.
- THE PLAINS AREA OF ALBERTA AND SASKATCHEWAN
for heavy oil, shallow gas, and tertiary light oil recovery, where Numac uses advanced CO₂ technology.
- NORTHEAST BRITISH COLUMBIA
the Company's largest natural gas producing area.

Full-cycle exploration, exploitation, development and production are undertaken in each of these core areas by multi-disciplined teams of professionals. These core area Asset Teams are responsible for developing and implementing capital programs for their areas. Success of the programs is measured based on return on investment. In addition to managing existing properties, the teams work to enhance the Company's competitive position and realize operating synergies by acquiring complementary assets.

1

Central Alberta

This is a strong growth area characterized by long-life reserves of light gravity crude oil and multi-zone oil and gas exploitation opportunities. The area has all-season access and extensive Numac infrastructure. Operating costs are approximately \$3.00 per boe. Expected 2000 capital spending is \$35 to \$40 million.

2

Plains

Numac's heavy oil property at Manatokan and medium/light oil properties amenable to CO₂ miscible flooding are included in the Plains area. At Elswick, Saskatchewan, the Company plans to test CO₂ miscible flood technology which is already commercially employed at Joffre, Alberta. The team also plans additional drilling at Manatokan and heavy oil exploration at South Wabasca. Planned 2000 capital spending is \$35 to \$40 million.

3

Northeast British Columbia

Numac's principal source of natural gas production is northeast British Columbia. The area has multi-zone potential and is less densely drilled than Alberta due to seasonal access in most areas. In addition to development at Tommy Lakes, the team is pursuing deeper exploration opportunities on a large 100 percent land block in the Burn area. Expected 2000 capital spending is \$35 to \$40 million.

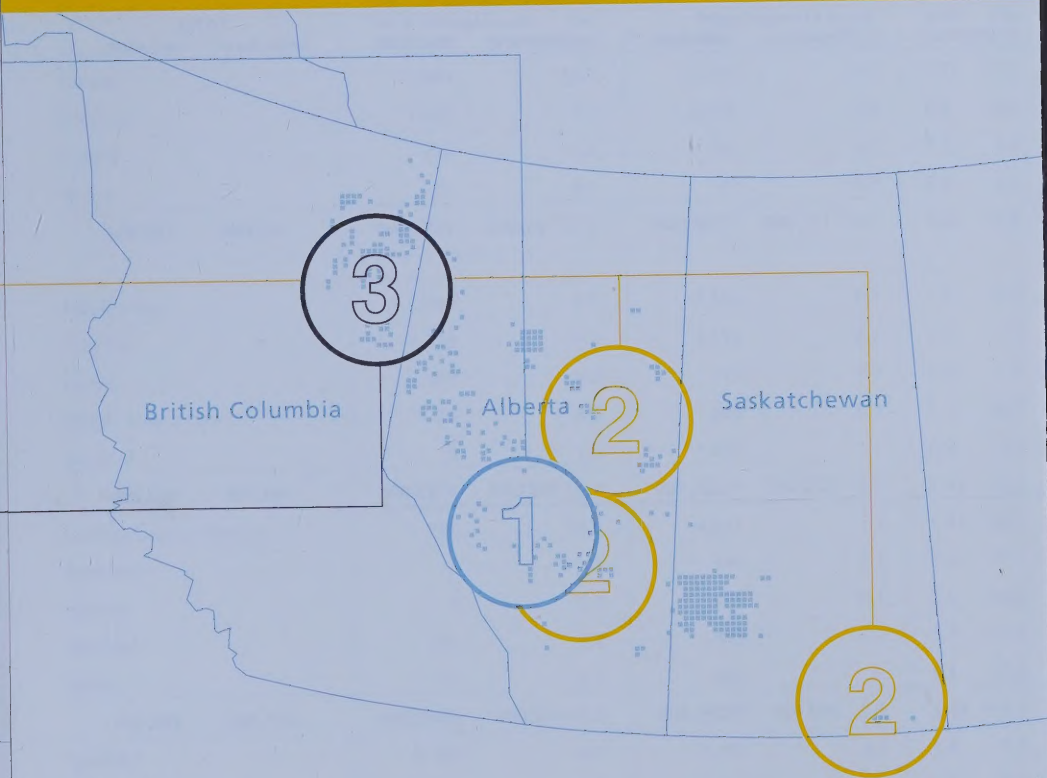
Asset Optimization

All assets outside Numac's three core areas are the responsibility of the Asset Optimization team. Major assets include a 30 percent interest in Suffield, where we are actively drilling, operated light oil production on the Peace River Arch, and 800,000 acres of fee title land in west central Saskatchewan. Numac also has an option to participate to a 12.5 percent working interest on the potential Surmont SAGD development.

New Ventures

Numac allocates approximately 10 percent of its capital budget to impact exploration opportunities outside core areas. The team targets plays where Numac can secure high working interests and which hold the potential of becoming core properties.

1999 total



Focus on core areas enables teams to create a competitive advantage in geographic areas and generate superior results.

	AVERAGE PRODUCTION in 1999			PROVED RESERVES at Dec 31, 1999	
	Oil & NGL (bbls/day)	Gas (mmcf/day)	Total (boe/day)	Oil & NGL (mmbbls)	Gas (bcf)
Ferrier	2,664	13.0	3,964	13.3	37.7
Caroline	1,652	3.7	2,022	3.8	10.4
Crystal	498	1.0	598	1.5	1.9
Other	15	0.1	25	0.1	2.0
	4,829	17.8	6,609	18.7	52.0
Manatokan	1,630	8.7	2,500	8.1	10.0
Elswick	1,229	0.3	1,259	6.2	1.5
Joffre	481	0.3	511	4.9	1.9
Maple Glen / Leo	28	4.6	488	0.1	10.5
Other	6	5.6	566	-	5.3
	3,374	19.5	5,324	19.3	29.2
Tommy Lakes / Martin	911	39.6	4,871	1.7	83.6
Parkland	-	1.8	180	0.1	26.1
Monias	5	9.0	905	0.1	24.0
Stoddart	559	2.9	849	1.0	7.8
Other	133	8.5	983	-	11.6
	1,608	61.8	7,788	2.9	153.1
Suffield	2,162	0.4	2,202	3.1	1.5
East Peace River Arch	1,982	0.3	2,012	3.1	0.7
West Central Saskatchewan	1,058	0.6	1,118	1.5	1.3
Other	1,119	16.8	2,799	2.0	29.8
	6,321	18.1	8,131	9.7	33.3
	16,132	117.2	27,852	50.6	267.6

December 31, 1999	LAND at December 31, 1999					
	Total (mmboe)	Undeveloped		Developed		TOTAL
		Gross Acres	Net Acres	Gross Acres	Net Acres	Gross Acres Net Acres
17.1						
4.8						
1.7						
0.3						
23.9		111,000	86,000	85,000	52,000	196,000 138,000
9.1						
6.3						
5.1						
1.2						
0.5						
22.2		226,000	221,000	160,000	131,000	386,000 352,000
10.1						
2.7						
2.5						
1.8						
1.1						
18.2		393,000	275,000	168,000	111,000	561,000 386,000
3.2						
3.2						
1.6						
5.0						
13.0		1,468,000	1,078,000	111,000	43,000	1,579,000 1,121,000
		259,000	174,000	10,000	3,000	269,000 177,000
77.3		1,727,000	1,252,000	121,000	46,000	1,848,000 1,298,000

CENTRAL ALBERTA

Numac's focus in central Alberta is on the exploitation and development of light oil at Ferrier and Crystal, and production of liquids-rich natural gas at Caroline. Activity in 1999 targeted the Ferrier field, where Numac drilled eight light gravity oil wells and five sweet gas wells at an average working interest of 91 percent. In addition, three wells were cased for evaluation. Over the course of the year, Numac added more than 1,200 boe/day of production.

Undeveloped land is tightly held in this area. Numac was successful in almost doubling its undeveloped land base from 46,000 net acres at the end of 1998 to 86,000 net acres at the end of 1999 through a combination of Crown acquisitions and industry farm-ins.

The year 2000 capital program includes a very active exploration and development drilling program, with up to 25 wells. In addition, at Crystal, where Numac has recently increased its working interest in the main unit from 46 percent to 63 percent, significant reserve and production additions are planned as a result of waterflood optimization.

PLAINS

Numac plans to double its capital investment in the Plains area in the year 2000, primarily on crude oil exploration and development. At Joffre, Alberta, the Company operates Canada's sole commercial CO₂ miscible flood project. This technology facilitates increased recovery of light and medium gravity oil from fields that have been on primary production and under waterflood by injecting large quantities of carbon dioxide that would otherwise be vented into the atmosphere. Numac has recently received partner approval to expand its project at Joffre, and to initiate a pilot project at Elswick, Saskatchewan.

At Manatokan, the Company reactivated approximately 60 wells in 1999 and increased heavy oil production by 800 bbls/day with only modest capital spending. In 2000, given the favourable price environment, Numac plans to drill two additional nine-well pads to add reserves and production.

In a new exploration initiative, Numac acquired 109,000 acres of oil sands leases in the South Wabasca/Pelican Lake area of northeast Alberta for \$4.8 million in the last half of 1999. The Wabiskaw sand in the region is eight to 15 metres thick at a depth of 450 metres. The main risk on the play is oil viscosity, which the Company will test with six to 10 vertical wells in the first quarter of 2000. Preliminary results are expected to be available in the second quarter of the year.

NORTHEAST BRITISH COLUMBIA

Numac has had a strong presence in northeast British Columbia for many years. The Company's key property in the region is Tommy Lakes, which produces more than 20 mmcf/day of natural gas and is expected to be maintained through low-risk development drilling.

The capital program for 2000 includes a mix of development drilling, primarily at Tommy Lakes and Stoddart, and natural gas exploration projects at Burn and Katah at the north end of this core area. During 1999, Numac acquired an average 91 percent working interest in

141 sections (90,000 acres) at Burn. Two 2,500 metre exploratory wells will be drilled this winter to test the Slave Point formation.

ASSET OPTIMIZATION

The Asset Optimization team will target its year 2000 capital spending on operated light oil projects in the East Peace River Arch of northern Alberta and medium/heavy oil on its 30 per cent-owned Suffield play in southern Alberta.

This team also has responsibility for two assets with substantial upside for Numac:

- In west central Saskatchewan, the Company holds more than 800,000 acres of fee title land, much of which has been farmed out to Canadian Occidental and Gulf Canada for the past five years. Lands that have not been earned before May 2000 will revert to Numac. The Company's royalty share for production from these lands exceeds 1,000 bbls/day, all of which is free of Crown royalties, operating costs and capital investment.
- At Surmont, south of Fort McMurray, Alberta, Numac owns a five percent net profit interest in a 134,000 acre oil sands lease. At Numac's option, the net profit interest is convertible to a 12.5 percent working interest in any commercial project. The property is estimated to contain 15.7 billion barrels of oil in place. Gulf Canada has operated a steam assisted gravity drainage (SAGD) pilot project at Surmont since 1997 and has recently brought TOTALFINA in as a partner.

UNDEVELOPED LAND

In 1999, Numac increased its average working interest in undeveloped land from 68 percent to 75 percent. The Company invested \$19 million in undeveloped land acquisitions in 1999, as part of an initiative to expand its exploration portfolio. The Company also sold undeveloped land, for which it had no future plans, for \$5.1 million.

WELLS DRILLED

	Oil		Natural Gas		Dry		Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
1999								
Exploration	4	4	6	6	10	9	20	19
Development	47	21	27	16	7	6	81	43
Total	51	25	33	22	17	15	101	62
Success rate							83%	75%
1998								
Exploration	4	2	8	4	6	4	18	10
Development	16	8	81	31	7	4	104	43
Total	20	10	89	35	13	8	122	53
Success rate							89%	85%

In addition, Numac participated in seven gross (four net) wells which were cased for evaluation, and four gross (one net) water injection wells in 1999.

SUMMARY OF OIL AND GAS RESERVES

(before deduction of royalties)	Proved	Probable	Total
Crude Oil and Natural Gas Liquids (mbbls)			
December 31, 1998	47,186	19,100	66,286
Acquisitions, extensions and discoveries	9,280	4,974	14,254
Revisions	293	(1,880)	(1,587)
Production	(5,888)		(5,888)
Dispositions	(234)	(226)	(460)
December 31, 1999	50,637	21,968	72,605
Natural Gas (bcf)			
December 31, 1998	302.7	137.5	440.2
Acquisitions, extensions and discoveries	39.2	23.3	62.5
Revisions	(19.4)	(28.1)	(47.5)
Production	(42.8)		(42.8)
Dispositions	(12.1)	(7.7)	(19.8)
December 31, 1999	267.6	125.0	392.6

In 1999, Numac replaced 116 percent of production with proved reserve acquisitions (net of dispositions), extensions and discoveries, while investing 82 percent of cash flow. Including the impact of revisions to previously booked proved reserves, primarily in northeast British Columbia, proved reserve replacement was 99 percent.

Reserve replacement costs in 1999 were as follows:

(\$ per boe)	Additions	Additions (net of revisions)
Proved reserves	\$ 9.55	\$ 11.15
Established reserves (Proved and one-half probable)	\$ 7.53	\$ 10.33
Proved plus probable	\$ 6.22	\$ 9.63

Replacement costs improved significantly over the prior year, and include substantial undeveloped land costs which will benefit subsequent years. While the Company focuses on rate of return, rather than reserve replacement cost targets, further improvements to such costs are expected over a full exploration cycle.

**ESTIMATED PRESENT WORTH OF NET PRE-TAX CASH FLOW
FROM PROVED PLUS PROBABLE RESERVES**

(\$ millions)	Undiscounted	Discounted		
		10%	15%	20%
Proved producing	889	557	483	429
Proved non-producing	174	81	58	44
Total proved	1,063	638	541	473
Probable ⁽¹⁾	249	106	80	62
December 31, 1999	1,312	744	621	535
December 31, 1998	1,167	633	515	435

(1) The present worth values of probable reserves have been reduced by 50 percent to allow for risk.

BUSINESS DEVELOPMENT

Asset rationalization remains an important ongoing component of our business. Numac ceased being a net seller of producing properties upon completion of its major divestiture programs in early 1999. Business development activity concentrated on acquiring properties in core areas where the Company holds or can create a competitive advantage. The Company uses its remaining non-core properties to swap for, or to fund, property acquisitions in core areas.

In 1999, Numac purchased approximately 25 properties totalling \$33.5 million. These transactions added to and consolidated working interests in Ferrier and Crystal in central Alberta, Maple Glen / Leo and Joffre in Plains, Tommy Lakes in northeast British Columbia, and Otter in the East Peace River Arch. The Company also swapped or divested 24 non-core properties for \$27.6 million. In the fourth quarter, Numac sold its interest in Progas Limited, a natural gas aggregator, for \$3.3 million. The net impact of the business development activity was the addition of 1.7 mmbob of proved reserves and approximately 750 bob/day of production.

MARKETING

Numac has a favourable crude oil production mix, composed primarily of light and medium quality crude oil with an average API of 30°. Numac sells its crude oil to various refineries, using a mix of spot and term sales to maximize netbacks. During 1999, the Company took advantage of the narrower heavy oil differentials by entering long-term transactions extending out to 2001, securing a wellhead netback in excess of historical averages on an average of 1,700 bbls/day of heavy oil. The Company maintains an active hedging program to secure prices at, or in excess of, commodity prices used for the economic evaluation of capital projects. In this way, Numac plans to lock in a favourable rate of return on a portion of base production volumes.

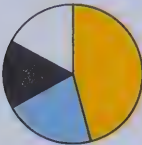
Canadian natural gas prices in 1999 were the highest since deregulation in the mid-1980s. Due to natural gas pipeline expansions in late 1998, the Western Canadian Sedimentary Basin has excess natural gas export transportation capacity which has eliminated regional surplus supply and allowed Canadian natural gas prices to track U.S. prices. The Alliance pipeline is expected to come on stream late in 2000, so the outlook for Canadian natural gas prices remains positive for the foreseeable future.

In the expectation of tighter gas price differentials, Numac hedged approximately 75 percent of its export transportation for 2000 and 55 percent for 2001 – guaranteeing full cost recovery on the hedged transportation. This hedge effectively moves Numac’s natural gas price exposure away from U.S. pricing back to Alberta pricing. In addition, Numac has fixed the price on approximately 40 percent of its year 2000 natural gas production at its budgeted price of \$2.60 per mcf.

The Company sells approximately 30 percent of its gas production to aggregators. Over the next three years this percentage is expected to decline to approximately 12 percent as aggregator contracts expire.

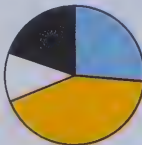
The average gas price realized by the Company for its natural gas production in 1999 was \$2.51/mcf, up from \$1.85/mcf in 1998. Numac reports its natural gas price at the wellhead in British Columbia and at the plant gate outlet in Alberta. If British Columbia prices were reported at the plant gate, Numac’s average price would have been \$0.23/mcf higher.

1999 Crude Oil and NGL Production



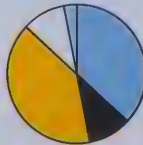
● Light Sweet	46%
● Medium	21%
● NGL	17%
○ Heavy	16%

1999 Natural Gas Sales



● One-year contracts	37%
● Aggregators	30%
● Long-term contracts	23%
○ Spot Sales	10%

2000 Price Exposure by Price Point



● Fixed	40%
● Sumas	37%
● AECO	10%
○ Eastern U.S.	10%
○ Other	3%

RESULTS OF OPERATIONS

for the years ended December 31, 1999 and 1998

Overview

Numac achieved substantial improvements in cash flow and earnings in 1999 as a result of strict cost control and strong commodity prices. This, combined with the impact of the closing of the sale of non-core properties, led to considerable strengthening of the Company's balance sheet which provides Numac with the resources to continue its disciplined approach to growth in core areas.

Funds from Operations and Earnings

Funds from operations for 1999 were \$137.7 million (\$1.44 per share), a 76 percent increase compared to \$78.2 million (\$0.82 per share) in 1998. This increase was primarily attributable to a 14 percent decrease in unit operating, general and administrative, and interest costs, and a 44 percent increase in commodity prices, offset by the 14 percent decrease in average production volumes that resulted from 1998 and early 1999 asset sales.

Net income was \$40.4 million (\$0.42 per share), in contrast to a net loss of \$131.8 million (\$1.38 per share) in 1998. The 1998 loss was primarily the result of a \$105.3 million, net of tax, reduction in the carrying value of the Company's oil and gas assets related to a ceiling test writedown taken at September 30, 1998, due to low crude oil prices and the significant investment in heavy oil in 1996 and 1997. Net income for 1999 resulted from strong operational performance, decreased depletion and depreciation expense, a current tax recovery and associated after-tax interest income of \$5.1 million, and a \$1.6 million after-tax gain on the sale of the Company's interest in Progas Limited.

Revenues

Crude oil and natural gas liquids revenue increased to \$127.0 million, compared with \$96.9 million in 1998, as a result of a 46 percent increase in average price offset by a 10 percent reduction in crude oil and natural gas liquids production volumes. The volume decrease resulted from 1998 non-core asset dispositions, offset by 1999 increases in production from a first quarter average of 14,982 bbls/day to a fourth quarter average of 17,560 bbls/day.

	1999	1998	% Change
Crude oil and natural gas liquids			
Gross revenue (\$ millions)	\$ 127.0	\$ 96.9	31
Average prices (\$/bbl)	\$ 21.56	\$ 14.78	46
Average production (bbls/day)	16,132	17,956	(10)

Natural gas revenue in 1999 increased 10 percent to \$107.2 million, compared with \$97.4 million in the prior year due to 36 percent higher natural gas prices, partially offset by decreased production volumes. Average production volumes for the year were 117.2 mmcf/day, compared with 144.2 mmcf/day in 1998, the result of non-core property dispositions.

	1999	1998	% Change
Natural gas			
Gross revenue (\$ millions)	\$ 107.2	\$ 97.4	10
Average prices (\$/mcf)	\$ 2.51	\$ 1.85	36
Average production (mmcf/day)	117.2	144.2	(19)

Royalties

Total royalties increased during the year from \$2.17 per boe or 13.2 percent of sales in 1998 to \$3.66 per boe or 15.9 percent of sales in 1999. The royalties paid on crude oil and natural gas liquids production decreased to 15.2 percent, before Alberta Royalty Tax Credit (ARTC), in 1999 from 17.0 percent in 1998 due to low product prices in the first half of the year. The natural gas royalty rate increased to 16.7 percent in 1999, before ARTC, from 10.5 percent in 1998 due to higher prices. The 1998 rate was low due to the receipt of a refund of natural gas royalties paid by Numac in prior years. Excluding this refund, the royalty rate for 1998 would have averaged 13.9 percent.

	1999	1998
Average royalty cost (after ARTC)		
Oil and liquids (\$/bbl)	\$ 3.39	\$ 2.43
Natural gas (\$/mcf)	\$ 0.40	\$ 0.19
Total (\$/boe)	\$ 3.66	\$ 2.17

Other

In 1999, other income was \$5.5 million, compared to other expense of \$0.8 million in 1998. Other income in 1999 includes \$4.6 million of interest received on a refund of prior years' taxes, a \$2.4 million gain on the sale of the Company's shares in Progas Limited, and interest and dividend income of \$2.3 million. These items are offset by \$5.2 million of amortization of a deferred foreign exchange loss on the Company's remaining U.S. dollar denominated long-term debt.

Operating Expense

Operating expense decreased by 23 percent to \$46.4 million in 1999 from \$60.6 million in 1998 due to an 11 percent decrease in per unit operating costs and a 14 percent decrease in production volumes.

	1999	1998
Oil and liquids (\$/bbl)	\$ 4.46	\$ 5.86
Natural gas (\$/mcf)	\$ 0.47	\$ 0.42
Total (\$/boe)	\$ 4.57	\$ 5.13

Netbacks

Netbacks on a barrel of oil equivalent basis increased 95 percent to \$12.68 per boe in 1999 from \$6.50 per boe in 1998. This increase is primarily attributable to a 36 percent increase in boe revenues (net of hedging and royalties), and a 14 percent decrease in operating, g&a and interest costs per boe.

	1999	1998
Oil and liquids (\$/bbl)		
Revenues	\$ 23.18	\$ 15.03
Hedging	(1.62)	(0.25)
Royalties	(3.39)	(2.43)
Operating costs	(4.46)	(5.86)
G&A expense	(0.89)	(1.11)
Interest expense	(1.24)	(1.52)
	<u>\$ 11.58</u>	<u>\$ 3.86</u>
Natural gas (\$/mcf)		
Revenues	\$ 2.49	\$ 1.86
Hedging	0.02	(0.01)
Royalties	(0.40)	(0.19)
Operating costs	(0.47)	(0.42)
G&A expense	(0.09)	(0.11)
Interest expense	(0.12)	(0.15)
	<u>\$ 1.43</u>	<u>\$ 0.98</u>
Total (\$/boe)		
Revenues	\$ 23.91	\$ 16.62
Hedging	(0.87)	(0.19)
Royalties	(3.66)	(2.17)
Operating costs	(4.57)	(5.13)
G&A expense	(0.89)	(1.11)
Interest expense	(1.24)	(1.52)
	<u>\$ 12.68</u>	<u>\$ 6.50</u>

General and Administrative Expense

In 1999, gross general and administrative costs were reduced by 26 percent, to \$19.4 million as a result of restructuring completed in 1998. Gross g&a in 1998 included \$4.6 million for this restructuring. Net g&a expense was \$0.89 per boe compared with \$1.11 in 1998, an improvement of 20 percent.

	1999	1998
General and administrative expense (\$ millions)		
Gross general and administrative costs	\$ 19.4	\$ 26.1
Allocated to capital programs	(6.0)	(8.6)
Recoveries	(4.4)	(4.3)
Net G&A expense	<u>\$ 9.0</u>	<u>\$ 13.2</u>

On December 31, 1999, Numac entered into an agreement to sell one million flow through common shares for \$6.5 million to a group of arm's length investors by way of a private placement. The shares will be issued concurrently with the renunciation of \$6.5 million of Canadian exploration expense to investors, which is expected prior to the end of the first quarter. The proceeds from the issue will be used by the Company to partially fund its first quarter 2000 exploration program.

Numac has an unsecured credit facility with two Canadian chartered banks, incorporating a \$227 million production loan facility and a \$20 million operating facility. The production loan may be extended annually at the option of the banks or converted to a term loan and repaid in equal payments over five years. At December 31, 1999, the Company had unutilized lines of credit of approximately \$92.5 million.

On November 26, 1999, the Company redeemed the remaining \$24 million of 7 percent debentures, which would otherwise have been due on April 15, 2002. In December 1999, a \$1.8 million non-recourse loan was retired.

	1999	1998
Debt to debt plus equity	0.4	0.5
Debt to cash flow	1.1	2.1

BUSINESS RISKS

General

Profitability within the oil and gas industry is dependent to a large extent on prices received for crude oil and natural gas. Prices of these commodities are influenced by supply and demand factors beyond the Company's control, including the level of industry drilling activity, transportation availability, weather conditions, state of the economy, and international political developments.

The costs associated with the Company's exploration and development activities are also influenced by commodity prices. When commodity prices are high, activity levels within the industry tend to increase, resulting in upward pressure on land prices and equipment and service costs.

The oil and gas industry is subject to a variety of risks and uncertainties involving the geology of oil and gas deposits and reserves and production estimates. In addition, the industry is subject to environmental regulations pursuant to provincial and federal legislation. Environmental legislation provides for restrictions and prohibitions on releases of emissions of various substances produced in association with certain crude oil and natural gas operations. In addition, legislation requires that well and facility sites be abandoned and

reclaimed to the satisfaction of provincial authorities. The industry is also faced with uncertainties as to availability of access to environmentally sensitive lands for exploration and development activities.

Risk Management

The principal risk for the Company is its ability to discover and produce reserves at a cost that provides an acceptable rate of return on investment. Numac attempts to balance its prospect portfolio between high and low risk exploration, development and acquisition opportunities.

Numac's comprehensive insurance program protects the Company against potentially significant losses which could arise as a result of the risks associated with the exploration, development and production of crude oil and natural gas. Numac also maintains a comprehensive safety program which is designed to encourage employees' and contractors' responsibility for, and participation in, all aspects of operations. Numac believes that it is in substantial compliance, in all material respects, with all current environmental legislation and is taking such steps as the Company believes are prudent to ensure that compliance is maintained.

Market risk is the possibility that a change in crude oil and natural gas prices, foreign currency exchange rates, or interest rates will cause the value of a financial instrument to decrease or become more costly to settle. Financial instruments consist of substantially all current assets and liabilities, long-term debt, as well as financial derivatives.

The primary source of funding for the Company's capital program is cash flow from operations. In order to protect cash flow and capital programs, the Company uses financial derivative swaps for the purpose of hedging, and accordingly, reduces exposure to significant market risk because gains and losses on the financial swaps are offset by gains and losses on production revenue, interest expense or the specific transaction being hedged.

A swap is a financial derivative instrument whereby the Company and a third party agree to settle, at specified intervals, the difference between an agreed fixed commodity price, interest rate or exchange rate and floating prices or rates calculated by reference to an agreed notional volume or principal amount. There is no obligation to deliver or receive quantities of crude oil or natural gas pursuant to a swap contract.

To mitigate the cash flow impact of adverse changes in commodity prices, foreign currency exchange rates and interest rates, the Company had derivative hedging positions in place at December 31, 1999, as disclosed in Note 8 to the Consolidated Financial Statements.

In addition to market risk, the financial instruments of the Company involve, to varying degrees, credit risk. A substantial portion of the Company's accounts receivable are with customers and joint venture partners in the petroleum and natural gas industry and are

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To mitigate the cash flow impact of adverse changes in commodity prices, foreign currency exchange rates and interest rates, the Company had derivative hedging positions in place at December 31, 1999, as disclosed in Note 8 to the Consolidated Financial Statements.

In addition to market risk, the financial instruments of the Company involve, to varying degrees, credit risk. A substantial portion of the Company's accounts receivable are with customers and joint venture partners in the petroleum and natural gas industry and are

subject to normal credit risks. The Company is also exposed to credit risk associated with possible non-performance by counterparties to swap agreements. The Company minimizes credit risk associated with swap agreements by entering into contracts with only highly rated financial institutions, and controls counterparty credit risk with credit approvals, limits on exposures to any one counterparty, and monitoring procedures. The Company does not require collateral or other security to support financial instruments nor does the Company provide collateral or security to counterparties. The Company does not expect non-performance by any counterparty.

The Board of Directors has established limits on the nature and amount of hedging contracts that the Company can enter into, and receives regular updates on the status of all hedging activities. The Company also maintains a system of internal controls designed specifically to prevent undue risk being undertaken by the Company when using financial instruments.

Year 2000 Readiness Disclosure Statement

As a result of Corporate Y2K remediation efforts, no Y2K related problems have been detected at any Numac site. Monitoring of the situation will continue at a significantly reduced level. The largest and most significant risk is from the adverse impact of Year 2000 failures of third parties over which the Company has no control.

The Year 2000 issue refers to diverse business implications associated with computer systems, applications and various equipment that use only the last two digits of a given year as a date reference. Computer systems or devices with embedded systems could fail or provide inaccurate information before, on, or after January 1, 2000. Such potential problems could range from minor processing difficulties to complete system and equipment malfunctions. These failures are not only limited to computer hardware and software, but could also affect plants, field equipment, machinery and office equipment. To minimize the Company's risk, Numac Energy conducted a Year 2000 project to assess its exposure and develop and implement necessary remediation plans.

Since establishment of the Year 2000 project, Numac has incurred expenditures of \$960,000 up to December 31, 1999, for corrective actions including assessment costs and replacement of hardware and software. For 2000, the Company currently estimates that \$15,000 will be required to complete the project. Numac expenses all Year 2000 expenditures that do not result in any future benefits to the Company.

OUTLOOK

The reorganization of Numac’s human resources into profit-oriented business teams, together with the narrowing of the operating focus to just three core areas, has provided Numac with the foundation for growth and success. The Company’s ability to efficiently re-invest its discretionary cash flow will be fundamental to this success.

The 2000 exploration and development capital budget is approximately \$145 million and will be funded primarily from internally generated cash flow. While the focus will be on the exploitation of core area opportunities, up to 10 percent of the budget has been allocated to new venture exploration to maintain an exposure to high impact opportunities. Numac’s significantly strengthened balance sheet provides the flexibility to expand the development program to follow-up exploration success, and to pursue property acquisitions to build its core areas.

The main factors affecting Numac’s funds from operations are crude oil and natural gas prices, production volumes and the US\$/CDN\$ exchange rate. The sensitivities of funds from operations to changes in these factors are shown in the following table. The impact of a change in any one factor may be compounded or offset by changes in other factors. This table does not consider the impact of any interrelationship between the factors or the Company’s hedging activities.

Factor	Increase (Decrease)	Approx. Ann. Increase in Funds from Operations (CDN\$ millions)	Per Share
Price of crude oil			
(West Texas Intermediate) (US\$/bbl)	US\$1.00	6.7	0.07
Price of natural gas (CDN\$/mcf)	\$0.10	3.7	0.04
Production of crude oil and			
natural gas liquids (bbls/day)	1,000	4.6	0.05
Production of natural gas (mmcf/day)	10	6.0	0.06
US\$/CDN\$ exchange rate	(\$0.01)	2.6	0.03

The accompanying consolidated financial statements of Numac Energy Inc. are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada, and include certain amounts that reflect management's judgement and best estimates. Financial information contained elsewhere in the Annual Report is consistent with the information contained in the consolidated financial statements.

The management of the Company maintains a system of internal accounting controls designed to provide reasonable assurance that financial records are relevant, reliable and accurate for the preparation of consolidated financial statements and that assets are properly accounted for and adequately safeguarded. The internal accounting control process includes management's communications to employees of policies which govern ethical business conduct.

The Board of Directors carries out its responsibility for financial reporting and internal controls principally through its Audit Committee, which is comprised of directors who are not officers or employees of the Company. The Committee meets regularly with management and the external auditors to discuss and review the consolidated financial statements, internal controls and accounting policies.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, who have been appointed by the shareholders as the Company's independent auditors, and their report follows.



Douglas W. Palmer
President and Chief Executive Officer



Dale J. Hohm
Vice-President, Finance
and Corporate Secretary

January 28, 2000

To the Shareholders of Numac Energy Inc.:

We have audited the consolidated balance sheets of Numac Energy Inc. as at December 31, 1999 and 1998 and the consolidated statements of earnings and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1999 and 1998 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Calgary, Canada

January 28, 2000

CONSOLIDATED BALANCE SHEETS

As at December 31 (\$ thousands)	1999	1998
ASSETS		
Current Assets		
Cash	\$ 6,092	\$ 439
Accounts receivable	46,627	28,969
Assets held for sale	—	52,247
	52,719	81,655
Future income taxes (Notes 2 and 9)	—	1,750
Property, plant and equipment (Note 3)	474,648	411,621
	\$ 527,367	\$ 495,026
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 57,643	\$ 51,018
Long-term debt (Note 4)	154,433	216,859
Deferred credits and other long-term obligations (Note 5)	39,162	23,581
Future income taxes (Notes 2 and 9)	32,078	—
	283,316	291,458
Shareholders' Equity (Notes 6 and 7)		
Share capital	203,653	435,018
Contributed surplus	—	72,178
Retained earnings (deficit)	40,398	(303,628)
	244,051	203,568
	\$ 527,367	\$ 495,026

On behalf of the Board:



Lawrence G. Tapp
Director



Donald J. Taylor
Director

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

Years Ended December 31 (\$ thousands, except per share amounts)	1999	1998
REVENUES		
Crude oil and natural gas sales	\$ 234,189	\$ 194,259
Royalties	(37,153)	(25,655)
Other	5,544	(768)
	202,580	167,836
EXPENSES		
Operating	46,428	60,578
General and administrative	9,008	13,170
Interest on long-term debt	12,651	17,994
Depletion, depreciation and future site restoration (Note 3)	63,927	282,584
	132,014	374,326
Income (loss) before taxes	70,566	(206,490)
Income and other taxes (Notes 2 and 9)		
Current tax (benefit) expense	(3,660)	565
Future tax expense (benefit)	33,828	(75,278)
	30,168	(74,713)
Net income (loss)	40,398	(131,777)
Deficit, beginning of year (Note 2)	(303,628)	(171,851)
Elimination of deficit (Note 6)	303,628	—
Retained earnings (deficit), end of year	\$ 40,398	\$ (303,628)
Net income (loss) per common share (basic and fully diluted) (Note 6)	\$ 0.42	\$ (1.38)

CONSOLIDATED STATEMENTS OF CASH FLOW

Years Ended December 31 (\$ thousands)	1999	1998
OPERATING ACTIVITIES		
Net income (loss)	\$ 40,398	\$ (131,777)
Add (deduct) non-cash items:		
Depletion, depreciation and future site restoration	63,927	282,584
Future income tax expense (benefit)	33,828	(75,278)
Amortization of deferred credits and other long-term obligations	(416)	2,678
Funds from operations	137,737	78,207
Change in working capital other than cash	(14,866)	2,265
Cash provided by operating activities	122,871	80,472
INVESTING ACTIVITIES		
Expenditures on property, plant and equipment	(109,832)	(93,748)
Acquisitions	(20,552)	(4,595)
Dispositions of assets held for sale	52,247	25,400
Proceeds on sale of property	17,738	84,972
Settlement of operating lease	(9,550)	—
Change in working capital other than cash	8,269	(19,027)
Cash used in investing activities	(61,680)	(6,998)
FINANCING ACTIVITIES		
Decrease in long-term debt	(55,623)	(75,038)
Purchase of common shares (Note 6)	—	(1,060)
Common shares issued (Note 6)	85	—
Cash used in financing activities	(55,538)	(76,098)
Increase (decrease) in cash	5,653	(2,624)
Cash, beginning of year	439	3,063
Cash, end of year	\$ 6,092	\$ 439

The following cash amounts were received (paid) during the year:

	1999	1998
Cash interest paid	(13,391)	(19,455)
Cash interest and dividends received	6,893	1,255
Cash taxes paid	(2,646)	(2,413)
Federal tax refunds received	2,620	1,469

(all tabular amounts expressed in thousands of dollars)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada.

Form 40-F, filed with the United States Securities and Exchange Commission, includes a summary of the differences between generally accepted accounting principles in Canada and those accepted in the United States.

(i) Principles of Consolidation

The consolidated financial statements include the accounts of Numac Energy Inc. ("Numac") and its remaining wholly owned subsidiary, Numac Energy (U.S.) Inc., a U.S. gas marketing company. In 1998, the primary entities owned 100% by Numac were Canadian Roxy Petroleum Ltd. and Numac Energy, an Alberta general partnership. On May 2, 1999, the partnership was dissolved, and on May 3, 1999 Numac Energy Inc. and Canadian Roxy Petroleum Ltd. amalgamated to form Numac Energy Inc.

(ii) Property, Plant and Equipment

a) Capitalized Costs

The Company follows the full cost method of accounting whereby all costs associated with the exploration for and development of crude oil and natural gas reserves are capitalized in cost centres on a country-by-country basis and charged against income as set out below. Such costs include land acquisition, drilling, geological and geophysical, facilities, and related overhead.

Proceeds on disposition of oil and gas properties and production equipment are credited against accumulated costs. However, when such a disposal would change the rate of depletion and depreciation by more than 20%, a gain or loss is recorded.

b) Depletion and Depreciation

Capitalized costs of properties having proved reserves, including a provision for future costs to develop such reserves, are amortized through depletion and depreciation charges using the unit-of-production method based on estimated proved crude oil and natural gas reserves, as determined by independent reservoir engineers. For purposes of these calculations, production of crude oil, natural gas liquids, natural gas, and proved reserves before royalties are converted to a common unit of measure on the basis of their approximate relative energy content. Costs of acquiring and evaluating unproved properties are excluded from costs subject to depletion until it is determined whether or not proved reserves are attributable to the properties or impairment occurs. Other fixed assets are depreciated on a declining balance basis at rates of 10 to 20% per annum.

c) Ceiling Test

The net carrying value of the Company's oil and gas properties and production equipment in cost centres is limited to an estimated recoverable amount. This amount is calculated as the aggregate future net revenues from proved reserves plus the cost of unproved properties, net of impairment allowances. Future net revenues are calculated using prices in effect at the ceiling test date without escalation or discounting.

The net carrying value of all cost centres, less related accumulated provisions for future site restoration costs and future income taxes, is further limited to the total estimated recoverable amount of all cost centres, less future general and administrative costs, financing costs and income taxes.

d) Future Site Restoration

Future estimated site restoration costs for property, plant and equipment, net of expected recoveries, are accrued and charged against income over the life of the estimated proved crude oil and natural gas reserves using the unit-of-production method. Site restoration expenditures incurred are charged to the accumulated provision for future site restoration.

(iii) Joint Interest Operations

Substantially all of the Company's exploration and development activities are conducted jointly with other parties and, accordingly, the accounts reflect only the Company's proportionate interest in such activities.

(iv) Hedging

The Company enters into various swap agreements to reduce its exposure to interest rate, foreign exchange, and crude oil and natural gas commodity price fluctuations related to future sales. Gains or losses on these contracts, which constitute effective hedges, are deferred and recognized as a component of the related transaction.

(v) Foreign Exchange Gains and Losses

Monetary assets and liabilities of the Company which are denominated in foreign currencies are translated at the exchange rates in effect at the balance sheet date, while non-monetary assets and liabilities are translated at rates of exchange prevailing on the transaction dates. Revenue and expense items are translated at the average rates of exchange during the period. Gains and losses on translation are included in net income for the year, except for unrealized foreign exchange gains and losses on long-term monetary assets and liabilities, which are deferred and amortized, on a straight-line basis, over the remaining lives of the related assets or liabilities.

(vi) Income Taxes

The Company follows the future income tax method of tax allocation accounting. Under this methodology, recognition of a future tax liability or asset is dependent on the expected tax

outflow or benefit to be derived from differences between the carrying value and tax basis of assets and liabilities on settlement.

(vii) Stock Options

The consideration paid by the optionee in order to exercise stock options is credited to share capital as of the date of exercise, and no compensation expense is recognized when stock options are issued to employees.

2. CHANGE IN ACCOUNTING POLICY

During the third quarter of 1998, the Company changed from the deferral method of accounting for income taxes to the future income tax methodology. As a result of this change, the net loss for 1998 decreased by \$43 million. The new standard was adopted retroactively, resulting in the restatement of the 1997 financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

	1999	1998
Cost	\$ 2,115,664	\$ 1,991,052
Accumulated depletion and depreciation	(1,641,016)	(1,579,431)
Net book value	\$ 474,648	\$ 411,621

As a result of a ceiling test evaluation at September 30, 1998, the carrying value of Numac's oil and gas properties was reduced by a \$191,102,000 charge to depletion expense (\$105,278,000 net of future income taxes). The test was performed using third quarter average field prices of \$15.63 per barrel of crude oil and natural gas liquids, and \$1.65 per thousand cubic feet ("mcf") of natural gas.

Included in oil and gas properties at December 31, 1999 are costs of \$82,560,000 (1998 – \$73,227,000) related to unproved properties that have been excluded from costs subject to depletion.

4. LONG-TERM DEBT

	1999	1998
Unsecured credit facility:		
LIBOR loan (US\$107,000,000; 1998 – US\$117,000,000)	\$ 154,433	\$ 179,069
7% debentures	–	27,000
Capital lease	–	13,541
Non-recourse loan	–	1,685
	154,433	221,295
Less: current portion of long-term debt	–	(4,436)
	\$ 154,433	\$ 216,859

At December 31, 1999, the Company's unsecured credit facilities with two Canadian chartered banks provided for a \$227 million (1998 – \$310 million) revolving loan and a \$20 million (1998 – \$30 million) operating loan. The revolving loan may be extended annually at the option of the banks or converted to a term loan. Under a term loan, the outstanding loan would be repaid in equal payments over a period of five years. The revolving loan provides for various interest rate options, all of which are based on market rates in effect from time to time. The average effective rate of interest on borrowings under the credit facility was approximately 6.5% in 1999 (1998 – 6.4%).

The operating loan facility is reviewable annually and may be renewed for up to one year on terms and conditions agreed to by the Company and its bankers.

The unsecured 7% subordinated debentures were redeemed on November 26, 1999.

The capital lease was repaid on March 26, 1999.

The non-recourse loan from the Alberta Oil Sands Technology and Research Authority was retired in December 1999.

5. DEFERRED CREDITS AND OTHER LONG-TERM OBLIGATIONS

	1999	1998
Future site restoration	\$ 31,854	\$ 30,493
Office lease obligations	3,468	4,941
Pension liability	5,699	5,127
Deferred foreign exchange loss	(1,859)	(16,980)
	\$ 39,162	\$ 23,581

6. SHAREHOLDERS' EQUITY

Authorized:

The Company's authorized share capital consists of an unlimited number of common shares and first and second preferred shares.

Issued:

	1999		1998	
	Shares	Amount	Shares	Amount
Common Shares				
Balance, beginning of year	95,511,412	\$ 435,018	95,716,512	\$ 435,951
Purchase of shares (i)	–	–	(205,100)	(933)
Application of deficit (ii)	–	(231,450)	–	–
Issued under employee stock option plan (Note 7)	15,699	85	–	–
Balance, end of year	95,527,111	\$ 203,653	95,511,412	\$ 435,018

(i) Numac had normal course issuer bid arrangements in place from December 19, 1996 through December 18, 1998 to purchase up to 5% of its issued and outstanding common shares. During 1998, the Company purchased 205,100 shares. The excess of purchase price over book value was charged to contributed surplus.

(ii) On May 13, 1999, shareholders approved a special resolution to eliminate the Company's \$303,628,000 deficit as at December 31, 1998 through a \$72,178,000 reduction in contributed surplus and a \$231,450,000 reduction in share capital.

On December 31, 1999, Numac entered into an agreement to sell one million flow through common shares for \$6.5 million, to a group of arm's length investors by way of a private placement. The shares will be issued concurrently with the renunciation of \$6.5 million of Canadian exploration expense to investors, which is expected prior to the end of the first quarter of 2000.

Weighted Average:

Net income (loss) per common share has been calculated based on the weighted average number of common shares of 95,517,108 for the year ended December 31, 1999 (1998 – 95,528,156).

7. STOCK OPTIONS

Numac's stock option plan provides for the granting of options to all employees under a compensation-based formula. The option price cannot be less than the closing price of the Company's common shares on The Toronto Stock Exchange on the last trading day prior to the date of the grant. Generally, options granted under the plan vest at the rate of one-third on each of the first, second and third anniversary dates of the grants, and expire on the fifth anniversary. In 1998, 300,000 stock options with a five year term were granted to the President and Chief Executive Officer with the following provisions: 100,000 vest at a rate of one-third per annum; 100,000 vest upon attaining a minimum share price of \$5.50 for 20 consecutive business days; and the balance vest upon attaining a minimum share price of \$7.00 for 20 consecutive business days.

	1999		1998	
	Number	Weighted Average Price	Number	Weighted Average Price
Options outstanding, January 1	7,564,838	\$ 5.58	7,048,602	\$ 6.58
Options granted	1,966,700	\$ 5.01	2,538,070	\$ 3.80
Options exercised	(15,699)	\$ 5.48	–	–
Options forfeited	(381,377)	\$ 4.41	(873,617)	\$ 5.60
Options expired	(1,524,560)	\$ 8.22	(1,148,217)	\$ 7.76
Options outstanding, December 31	7,609,902	\$ 4.98	7,564,838	\$ 5.58
Options exercisable, December 31	3,685,153	\$ 5.38	3,929,404	\$ 6.73

At December 31, 1999, Numac had reserved 9,227,444 shares for issuance upon exercise of stock options. The exercise prices of the 7,609,902 options outstanding to employees and former employees at year end range from \$3.60 to \$6.75 and expire as follows: 1,110,232 in 2000; 682,000 in 2001; 1,661,900 in 2002; 2,259,770 in 2003; and 1,896,000 in 2004.

Exercise price range	Options Outstanding			Options Exercisable	
	Number	Weighted Average		Number	Weighted Average
		Remaining Contractual Life	Exercise Price		
\$3.60 – \$5.375	4,731,567	4.0 years	\$ 4.48	1,273,376	\$ 4.47
\$5.50 – \$6.75	2,878,335	2.5 years	\$ 5.81	2,411,777	\$ 5.86

8. FINANCIAL INSTRUMENTS

The Company's financial instruments within the consolidated balance sheets consist of substantially all current assets and liabilities as well as long-term debt. The fair market values of these financial instruments approximate their carrying values.

Credit Risk

The Company is exposed to credit risk from financial instruments to the extent of non-performance by third parties. A substantial portion of the Company's accounts receivable are with customers and joint venture partners in the petroleum and natural gas industry and are subject to normal credit risks. The Company is also exposed to credit risk associated with possible non-performance by counterparties to swap agreements. The Company minimizes credit risk associated with swap agreements by entering into contracts with only highly rated financial institutions, and controls other third party credit risk with credit approvals, limits on exposures to any one counterparty, and monitoring procedures.

Financial Derivative Swaps

The Company enters into various swap agreements to mitigate risks associated with commodity prices, currency exchange rates related to future crude oil and natural gas sales, and interest rates. A swap is a financial derivative instrument whereby the Company and a third party agree to exchange, at specified intervals, the difference between an agreed fixed commodity price, interest rate or exchange rate and floating prices or rates calculated by reference to an agreed notional volume or principal amount. There is no obligation to deliver or receive quantities of crude oil or natural gas pursuant to a swap contract.

(i) Natural Gas

The Company has entered into natural gas swap and option contracts for January to December 2000 to fix the minimum natural gas price received on 6.4 million cubic feet per day ("mmcf/day") at \$2.87 per mcf and a maximum price of \$3.43 per mcf on 5.5 mmcf/day. Natural gas swap contracts are also in place for the period January 2001 to October 2001 to fix the minimum natural gas price received on 4.0 mmcf/day at \$2.51 per mcf. All contracts are based on "AECO Hub" prices.

The Company has also entered into transportation hedges which move Numac's natural gas exposure away from U.S. pricing back to Alberta pricing. Financial contracts are in place covering an average of 19.7 mmcf/day for the period January to December 2000, with a December 31, 1999 mark-to-market value gain of \$0.31 per mcf and an average of 13.0 mmcf/day for the period January 2001 to October 2001, with a December 31, 1999 mark-to-market value gain of \$0.30 per mcf.

(ii) Crude Oil

The Company has entered into crude oil swap contracts for January to December 2000 to fix the minimum price received on 4,761 barrels per day of crude oil at US\$20.60 per barrel. Crude oil swap contracts are also in place for the period January 2001 to December 2001 to fix the minimum price received on 2,000 barrels per day of crude oil at US\$19.00 per barrel. All contracts are based on "NYMEX WTI" prices or fix the differential between "NYMEX WTI" and prices received for crude oil in Canada.

(iii) Foreign Exchange

The Company has entered into swap contracts on US\$/CDN\$ exchange rates in order to reduce exposure to fluctuating foreign exchange rates. The Company has hedged US\$4 million per month for the period January to December 2000 at an average exchange rate of US\$0.666 /CDN\$1.00. Numac has also hedged US\$3 million per month for the period January 2001 to December 2001 at an average exchange rate of US\$0.660 /CDN\$1.00, and the Company has hedged US\$1 million per month for the period January 2002 to December 2002 at an average exchange rate of US\$0.685 /CDN\$1.00.

(iv) Interest Rates

The Company has entered into interest rate swap contracts to fix the interest rate at 5.914 percent, excluding bank fees, on US\$50 million of the long-term debt for the period January 2000 to May 2003.

Fair Market Value of Financial Derivative Swaps

The fair market value of financial derivative swaps represents the amount that the swap agreements could have been settled for, given market conditions at December 31, 1999 and 1998.

	1999	1998
Natural gas	\$ 2,866	\$ 3,652
West Texas Intermediate crude oil	(4,797)	-
Foreign exchange	6,472	325
Interest rate	2,532	(1,713)
Unrealized gain	\$ 7,073	\$ 2,264

9. INCOME AND OTHER TAXES

The provision for income taxes varies from the amounts that would be computed by applying the combined Canadian federal and provincial income tax rates for the following reasons:

	1999	1998
Canadian federal and provincial income tax rates	44.93%	44.92%
Federal and provincial income tax rates applied to income (loss) before taxes	\$ 31,703	\$ (92,755)
Add income taxes resulting from:		
Non-deductible crown payments	16,312	7,170
Federal resource allowance	(15,821)	(5,427)
Adjustment of future tax assets related to tax pools	388	12,814
Large corporations tax and provincial capital and resource taxes	2,155	2,096
Federal income taxes refunded	(2,619)	(331)
Other	(1,950)	1,720
Provision for income and other taxes	\$ 30,168	\$ (74,713)

The future income tax asset (liability) is composed of temporary differences and future income tax reductions. These tax-affected differences are as follows:

	1999	1998
Net book value of property, plant and equipment in excess of tax basis	\$ (62,616)	\$ (30,658)
Alberta royalty tax rebate	11,068	12,974
Future site restoration deductions	14,537	13,922
Other future deductions	4,933	5,512
Future income tax (liability) asset	\$ (32,078)	\$ 1,750

The Company has tax pools of \$128.1 million for which no future tax asset has been recognized due to deduction restrictions.

10. PENSION PLAN

The present value of the actuarial pension obligation and the market value of the pension fund assets for the Company's defined benefit pension plan are as follows:

	1999	1998
Actuarial pension obligation	\$ 11,584	\$ 11,756
Pension fund assets	\$ 15,310	\$ 16,020

The Company also provides certain retirees supplementary retirement income benefits. The net present value of the unfunded benefit obligation is subject to periodic actuarial valuations.

11. COMMITMENTS

The Company leases office space and vehicles. Minimum payments under non-cancellable operating leases with terms of one year or more are as follows:

2000	\$ 1,911
2001	1,911
2002	1,911
2003	715
2004	0
Total	\$ 6,448

12. YEAR 2000 UNCERTAINTY

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the Company, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the 1999 presentation.

	1999	1998	1997	1996	1995
FINANCIAL					
(\$ thousands)					
Revenues					
Crude oil and natural gas liquids, less royalties	\$ 106,998	\$ 80,997	\$ 132,600	\$ 126,153	\$ 118,725
Natural gas, less royalties	90,038	87,607	80,208	66,232	72,364
Investment and other	5,544	(768)	1,778	1,948	2,525
	202,580	167,836	214,586	194,333	193,614
Expenses					
Operating, general and administrative	55,436	73,748	70,039	55,012	59,807
Interest on long-term debt	12,651	17,994	15,637	12,559	13,106
Depletion, depreciation and future site restoration	63,927	282,584	93,249	79,371	346,850
	132,014	374,326	178,925	146,942	419,763
Income (loss) before taxes	70,566	(206,490)	35,661	47,391	(226,149)
Provision for (recovery of) income taxes					
Current	(3,660)	565	2,710	3,029	2,855
Future	33,828	(75,278)	33,530	27,429	(50,204)
	30,168	(74,713)	36,240	30,458	(47,349)
Net income (loss)	\$ 40,398	\$ (131,777)	\$ (579)	\$ 16,933	\$ (178,800)
Funds from operations	\$ 137,737	\$ 78,207	\$ 128,196	\$ 122,058	\$ 117,500
Capital expenditures	\$ 130,384	\$ 98,343	\$ 314,442	\$ 141,464	\$ 116,772
Proceeds on sale of property	(69,985)	(110,372)	(60,099)	(24,373)	(10,712)
Acquisition of Smart On Resources Inc.	—	—	—	51,251	—
Net capital expenditures	\$ 60,399	\$ (12,029)	\$ 254,343	\$ 168,342	\$ 106,060
OPERATING					
Average daily production for the year, before deduction of royalties:					
Crude oil and natural gas liquids (bbls/day)	16,132	17,956	20,537	18,860	19,097
Natural gas (mmcf/day)	117.2	144.2	140.8	128.7	150.8
Proved reserves, before deduction of royalties:					
Crude oil and natural gas liquids (mmbbls)	50,637	47,186	57,643	51,459	46,535
Natural gas (bcf)	268	303	455	389	391

Selected Financial Ratios

	1999	1998
Cash flow per common share (basic)	\$ 1.44	\$ 0.82
Net income (loss) per common share (basic)	\$ 0.42	\$ (1.38)
Long-term debt/cash flow	1.1	2.8
Debt/debt plus equity	0.4	0.5
Operating costs per boe	\$ 4.57	\$ 5.13
General and administrative expense per boe	\$ 0.89	\$ 1.11
Operating netbacks per boe	\$ 14.81	\$ 9.13
Cash flow per boe	\$ 13.55	\$ 6.62

Quarterly Financial Information

(\$ thousands)	Quarters				
	First	Second	Third	Fourth	Full Year
1999					
Gross production revenue	43,256	52,731	62,940	75,262	234,189
Funds from operations	19,811	26,798	44,997	46,131	137,737
Net income	970	5,212	14,694	19,522	40,398
1998					
Gross production revenue	56,434	46,954	44,937	45,934	194,259
Funds from operations	22,837	16,039	15,885	23,446	78,207
Net loss	(3,514)	(8,786)	(114,754)	(4,723)	(131,777)

Stock Exchange Listings and Trading of Numac Shares

Numac shares are listed for trading on The Toronto Stock Exchange ("TSE") and the American Stock Exchange ("AMEX"). The following table sets forth the price range and trading volume of Numac's common shares for each quarter of 1999, as reported by the TSE and AMEX:

	TSE (CDN \$)			AMEX (U.S. \$)		
	High	Low	Volume	High	Low	Volume
1999						
First Quarter	\$ 3.50	\$ 2.20	995,895	\$ 2.38	\$ 1.50	153,100
Second Quarter	4.50	3.26	1,571,452	2.81	2.13	396,000
Third Quarter	6.20	3.75	1,994,688	4.19	2.38	1,302,000
Fourth Quarter	5.80	4.05	1,398,681	3.94	2.81	711,400
Full Year	6.20	2.20	5,960,716	4.19	1.50	2,562,500

Notice Regarding Forward Looking Information

This report contains forward looking statements, including Numac's expectations and plans concerning oil and gas production and planned well drilling and exploration and development programs and budgets in 2000, future oil and gas prices and the "Year 2000" issue, and statements included in Management's Discussion and Analysis under the headings "Outlook" and "Business Risks." Estimates of oil and gas reserves and estimated present worth of pre-tax cash flow from reserves may also constitute forward looking statements in that such statements involve the assessment that the resources can be extracted profitably in the future. Forward looking statements are based on assumptions, estimates and opinions of Numac's management as of the date the statements are made, and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those projected, including, without limitation, the factors discussed in Management's Discussion and Analysis under the heading "Business Risks," and the possibility that Numac's plans may change in response to changes in market conditions or unforeseen problems or opportunities. Numac undertakes no obligation to update forward looking statements if circumstances or management's estimates or opinions should change.

Canadian/U.S. Reserve Reporting Differences

Estimates of proved and probable reserves included in this report and the estimated present worth thereof are prepared in accordance with the requirements of applicable Canadian securities laws which differ in a number of respects from the requirements of the United States Securities and Exchange Commission. Accordingly, such information may not be comparable to similar information presented by U.S. companies. Particularly, Securities and Exchange Commission standards do not normally permit the disclosure of probable reserves in documents filed with the commission.

Abbreviations in the Annual Report		boe	barrel of oil equivalent, which is computed on the basis of 10 mcf of natural gas equalling 1 bbl of oil
bbl	barrel		
mmbbls	thousand barrels		
mmbbbls	million barrels		
bbls/day	barrels per day	mboe	thousand boe
mcf	thousand cubic feet	mmboe	million boe
mmcf	million cubic feet	boe/day	boe per day
bcf	billion cubic feet	NGL	natural gas liquids
mmcf/day	million cubic feet per day	WTI	West Texas Intermediate crude oil, a benchmark crude oil price

Executive Officers

DOUGLAS W. PALMER
President and Chief Executive Officer

DALE J. HOHM
Vice-President, Finance and Corporate Secretary

JOHN A. HOWARD
Vice-President, Operations

GERALD R.W. PEDEN
Team Leader Human Resources and Administration

MICHEL E. SCOTT
Vice-President, Marketing and Business Development

DAVID J. SPRAGUE
Vice-President, Exploitation

Independent Directors

DONALD J. TAYLOR (Chairman) ^{1,2,3}
Chairman, Enbridge Inc.,
Jackson's Point, Ontario

COLIN K.Y. LAM
Vice-Chairman and Deputy
General Manager, Henderson
Land Development Co. Ltd.,
Hong Kong

DANIEL K.K. LAM ^{1,3}
Vice-President and Director,
HSBC Securities Inc., Toronto,
Ontario

SAMMY S. LEE
Executive Director,
CTF Holdings Inc.,
Washington, D.C.

W. DARCY McKEOUGH ^{1,3}
Chairman, McKeough Supply Inc.,
Chatham, Ontario

DOUGLAS W. PALMER ^{1,2(a)}
President and Chief Executive
Officer, Numac Energy Inc.,
Calgary, Alberta

MICHAEL C.M. PEI ^{1,2}
Assistant to Managing Director,
New World Development Co. Ltd.,
Hong Kong

THEODORE H. RENNER ^{1,2}
President and Chief Executive
Officer, Kiara Resources Inc.,
Regina, Saskatchewan

S.F. AMBROSE SO
Director, Shun Tak Holdings Ltd.,
Hong Kong

LAWRENCE G. TAPP ³
Dean, Richard Ivey School of
Business, London, Ontario

¹ member of the Executive and Governance Committee

² member of the Human Resources Committee

^{2(a)} non-voting member of the Human Resources Committee

³ member of the Audit Committee

Investor Relations

Energy Plaza
700, 321 – 6th Avenue S.W.
Calgary, Alberta T2P 3H3
telephone: (403) 260-9400
facsimile: (403) 260-9457
website: <http://www.numac.com>
e-mail: finance@numac.com

The Company's common shares are listed for trading on the Toronto and American stock exchanges under the symbol NMC.

Investor Information

Information regarding the Company, including the Annual Information Form filed with Canadian securities regulators and the Form 40-F filed with the Securities and Exchange Commission in the United States, may be obtained by contacting Dale J. Hohm, Vice-President, Finance and Corporate Secretary of the Company.

Annual Meeting

The Annual Meeting of the Shareholders of Numac Energy Inc. will be held at 9:00 a.m. on Thursday, May 11, 2000, at the Telus Convention Centre in Calgary, Alberta. Shareholders are encouraged to attend. Those unable to do so are asked to sign and return the Form of Proxy mailed with this report.

Auditor

PricewaterhouseCoopers LLP
Calgary, Alberta

Legal Counsel

Macleod Dixon
Calgary, Alberta

Banker

Canadian Imperial Bank
of Commerce
Bank of Nova Scotia

Investment Advisor and Broker

CIBC Mellon Trust Company
600 Dome Tower
333 – 7th Avenue S.W.
Calgary, Alberta T2P 2Z1

www.numac.com

NUMAC ENERGY INC.

Energy Plaza

700, 321 - 6th Avenue SW

Calgary AB T2P 3H3

Securities and Exchange Commission
Washington, D.C. 20549

FORM 40-F

Annual Report Pursuant to Section 13(a) or 15(d)
of the Securities and Exchange Act of 1934

For the fiscal year ended December 31, 1999

Commission File Number 1-6609

Numac Energy Inc.

[successor to the registration of Numac Oil & Gas Ltd.]
(Exact name of registrant as specified in its charter)

State or other jurisdiction of incorporation or organization: **Alberta, Canada**

I.R.S. employer identification number: **98-0135687**

Address of principal executive offices: **Energy Plaza
700, 321 - 6 Avenue S.W.
Calgary, Alberta, Canada
T2P 3H3**

Registrant's telephone number, including area code: **(403) 260-9400**

Securities registered pursuant to Section 12(b) of the Act: **None**

Title of each class: **Common shares without nominal or par value**

Name of each exchange on which registered: **American Stock Exchange
The Toronto Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: **None**

Securities registered for which there is a reporting
obligation pursuant to Section 15(d) of the Act: **None**

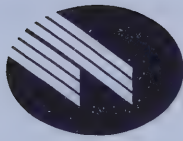
As of December 31, 1999 there were 95,527,111 common shares outstanding.

The registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Form 40-F

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NUMAC ENERGY INC.

Annual Information Form

March 24, 2000

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NUMAC ENERGY INC.

Annual Information Form

March 24, 2000

INCORPORATION AND ORGANIZATION

Numac Energy Inc. ("Numac" or the "Company") was formed under the name "Westcoast Petroleum Ltd.", on September 21, 1971 under the laws of the Province of British Columbia pursuant to an amalgamation of Western Pacific Products & Crude Oil Pipelines Ltd. and Westcoast Production Co. Ltd. Prior to 1982, the Company's common and preferred shares were traded on the Toronto, Montreal and Vancouver stock exchanges, as well as on the National Association of Security Dealers Automated Quotation ("NASDAQ") service in the United States. During 1982, Westcoast Energy Inc. increased its ownership of the Company from approximately 58% to 100%. On December 5, 1991, the Company was continued under the Business Corporations Act (Alberta) still under the name "Westcoast Petroleum Ltd." On May 5, 1993, Westcoast Energy Inc. sold its 100% ownership of the Company to a consortium of investors. The Company changed its name to "Numac Energy Inc." on August 26, 1993.

Pursuant to an arrangement (the "Arrangement") under provisions of the Business Corporations Act (Alberta) involving Numac Oil & Gas Ltd. ("NOGL"), NOGL shareholders, and the Company, each common share of NOGL was exchanged for one common share of the Company effective August 31, 1993. As a result of the Arrangement, NOGL became a wholly-owned subsidiary of Numac and Numac became a "successor issuer" to NOGL under National Policy Statement No. 47. NOGL and Numac were amalgamated on January 3, 1994.

Effective May 1, 1994 Numac and its wholly-owned subsidiary, Canadian Roxy Petroleum Ltd. ("Canadian Roxy" or "Roxy"), formed a general partnership known as Numac Energy (the "Partnership") and transferred to the Partnership beneficial ownership of substantially all of their conventional Canadian oil and gas assets, together with their respective interests in facilities.

On November 1, 1996, Numac acquired all of the outstanding shares of Smart On Resources Inc. ("SOR"), a private oil and gas corporation which was previously 100% owned by two shareholders having a combined 35% ownership interest in Numac. The purchase of SOR, for total consideration of \$48,947,000, was approved by the Board of Directors on the recommendation of an Independent Committee of the Board. The oil and gas assets acquired were subsequently transferred to the Partnership.

On June 16, 1997, Numac completed the purchase of the Canadian oil and gas assets of Wainoco Oil Corporation for cash consideration of \$131,881,000. The acquired assets were immediately transferred to the Partnership.

Effective May 2, 1999, the Numac Energy partnership was dissolved and all of the partnership assets were distributed to its two partners, Numac and its wholly-owned subsidiary, Roxy. Immediately thereafter, Numac and Roxy amalgamated under the provisions of the *Alberta Business Corporations Act* as Numac Energy Inc. effective May 3, 1999.

The registered and head offices of Numac are located at 700, 321 - 6th Avenue S.W., Calgary, Alberta, T2P 3H3. Numac had 179 permanent employees at December 31, 1999.

BUSINESS OF NUMAC

Numac is engaged in the business of exploration, development, production, and marketing of crude oil, natural gas liquids and natural gas, principally in western Canada.

PRINCIPAL PROPERTIES

In the following principal property descriptions, the term "net", when used to describe Numac's interest or share of production, reserves and land holdings, means the working interests of Numac before deducting royalties owned by others. Gilbert Laustsen Jung Associates Ltd. ("Gilbert") has prepared a report dated February 2, 2000, with an effective date of December 31, 1999, evaluating approximately 82% of the Company's established reserves on an oil equivalent basis. Numac engineers evaluated the remaining 18% of the reserves.

NORTHEAST BRITISH COLUMBIA

Northeast British Columbia activity is concentrated in the properties of Tommy Lakes, Martin, Stoddart, Monias, and Parkland. Natural gas production from the area averaged 61.8 Mmcf/day in 1999 after 11.0 Mmcf/day of dispositions during the year. Crude oil and natural gas liquids production averaged 1,608 Bbls/day for the same period. As at December 31, 1999, natural gas reserves attributable to the area were 153.1 Bcf of proved and 64.6 Bcf of probable additional reserves. Crude oil and natural gas liquids reserves for the same period were 2.9 million barrels of proved and 1.3 million barrels of probable additional reserves. Undeveloped land for the area consists of 275,200 net acres at December 31, 1999. Numac's average working interest in operated, undeveloped lands increased from 81% year-end 1998, to 91% year-end 1999.

Tommy Lakes/Martin

The Tommy Lakes/Martin Creek corridor includes the producing properties of Tommy Lakes, Martin Creek, Martin Birley, Silver and Red Eye. Tommy Lakes and Martin gas is gathered and compressed through three 100% Numac-owned facilities prior to delivery to Westcoast Gas Services Inc. for additional processing. Joint venture facilities are used to compress Silver and Red Eye gas prior to delivery to Westcoast Energy Inc. and Westcoast Gas Services Inc. The natural gas from these areas is sold through Numac's direct sales pool, which includes two long-term markets. Production from the area averaged 39.6 Mmcf/day, net to Numac, for the year ended December 31, 1999 compared with 42.6 Mmcf/day in 1998. The properties also produced 911 Bbls/day of crude oil and natural gas liquids in 1999 compared with 659 Bbls/day in 1998.

As at December 31, 1999 natural gas reserves attributable to the Tommy Lakes/Martin Creek corridor were 83.6 Bcf of proved and 43.2 Bcf of probable additional reserves. Crude oil and natural gas liquids reserves at that time were 1.7 million barrels of proved and 0.9 million barrels of probable additional reserves.

Stoddart

Numac's Stoddart area consists of light oil production at Muskrat and gas production at Oak/Stoddart. Production from the area averaged 559 Bbls/day of high net back oil production, as well as 2.9 Mmcf/day of gas. This compares to 472 Bbls/day of crude oil and natural gas liquids and 3.8 Mmcf/day of natural gas produced in 1998. Numac increased its working interest in the Oak area with 1999 acquisitions.

At December 31, 1999 natural gas reserves attributable to the Stoddart area were 7.8 Bcf of proved and 2.0 Bcf of probable additional reserves. Crude oil and natural gas liquids reserves for the same period were 1.0 million barrels of proved and 0.2 million barrels of probable additional reserves.

Monias

Monias is a natural gas field located south of Fort St. John. Production from the area averaged 9.0 Mmcf/day, net to Numac, for the year ending December 31, 1999 compared with 9.1 Mmcf/day in 1998.

At December 31, 1999 natural gas reserves attributable to the Monias area were 24.0 Bcf of proved and 2.6 Bcf of probable additional reserves.

Parkland

The Parkland area is east of Fort St John near the Alberta border. At December 31, 1999, the Company attributed 26.1 Bcf of proved and 14.2 Bcf of probable additional natural gas reserves to this property. Numac's share of production averaged 1.8 Mmcf/day in 1999 compared with 1.7 Mmcf/day in 1998.

The area produces from the Belloy, Halfway and Wabamun formations, but production is currently facilities-constrained. Plans are being developed with partners to expand facilities to handle shut-in gas in the area.

CENTRAL ALBERTA

The principal properties of the Central Alberta area are Ferrier, Caroline and Crystal. In 1999, crude oil and natural gas liquids production averaged 4,829 Bbls/day and natural gas production averaged 17.8 Mmcf/day. The Company has attributed 18.7 million barrels of proved and 7.1 million barrels of probable additional reserves of crude oil and natural gas liquids and 52.0 Bcf of proved and 17.2 Bcf of probable additional reserves of natural gas to the area as at December 31, 1999. The undeveloped acreage in Central Alberta is 85,722 acres, net to Numac.

Ferrier

The Ferrier field is located in west central Alberta and the production from this field is a light sweet crude, which receives a premium price. Numac operates and has a 100% interest in the Ferrier Cardium Unit No. 2 which includes a facility comprised of a large crude oil battery and natural gas processing plant that handles both solution and high pressure non-associated natural gas. In addition, a second gas plant with related production was acquired in late 1998. Throughout 1999, Numac successfully increased its working interests in Ferrier through various acquisitions.

In 1999, natural gas production averaged 13.0 Mmcf/day, net to Numac, and crude oil and natural gas liquids production averaged 2,664 Bbls/day, net to Numac. This compares to 9.0 Mmcf/day of natural gas and 2,215 Bbls/day of crude oil and natural gas liquids produced in 1998. The Company has attributed 13.3 million barrels of proved and 5.3 million barrels of probable additional reserves of crude oil and natural gas liquids and 37.7 Bcf of proved and 12.9 Bcf of probable additional reserves of natural gas to Numac's interests in the area as at December 31, 1999.

Caroline

Numac has a 3% working interest in the Caroline Swan Hills Gas Unit No. 1. Production averaged 1,652 Bbls/day of natural gas liquids and 3.7 Mmcf/day of natural gas, net to Numac in 1999. Net average production in 1998 was 1,705 Bbls/day of natural gas liquids and 3.7 Mmcf/day of natural gas.

The Company has attributed 3.8 million barrels of proved and 0.8 million barrels of probable additional natural gas liquids reserves and 10.4 Bcf of proved and 2.0 Bcf of probable additional natural gas reserves to the unit as at December 31, 1999. The Company has also assigned 419 Mlt of proved and 82 Mlt of probable additional sulphur reserves to the unit as at December 31, 1999.

Crystal

Numac owns a 63% working interest in the Crystal Viking Unit No. 1 and a 50% working interest in Unit No. 2. The crude oil from this area is a light sweet grade and receives a premium price. Numac operates the Crystal Viking Units along with a 100% working interest in non-unit lands. The unit partners own related facilities comprised of a crude oil battery, a natural gas gathering system, and a water injection system.

In 1999, crude oil and natural gas liquids production averaged 498 Bbls/day, net to Numac, and natural gas production averaged 1.0 Mmcf/day, net to Numac. This compares to 516 Bbls/day of crude oil and natural gas liquids and 1.4 Mmcf/day of natural gas produced in 1998.

The Company has attributed 1.5 million barrels of proved and 0.9 million barrels of probable additional reserves of crude oil and natural gas liquids and 1.9 Bcf of proved and 1.3 Bcf of probable additional reserves of natural gas to Numac's interests in the area as at December 31, 1999.

PLAINS

The Plains area consists of the four main properties of Manatokan, Joffre, Elswick, and Maple Glen/Leo. Plains area production averaged 3,374 Bbls/day of crude oil and natural gas liquids and 19.5 Mmcf/day of natural gas for 1999. Oil and natural gas liquids reserves attributed to the area were 19.3 million barrels of proved and 8.8 million barrels of probable additional reserves as of December 31, 1999. Natural gas reserves for the same period were 29.2 Bcf of proved and 11.6 Bcf of probable additional reserves. Undeveloped land at December 31, 1999 totalled 221,491 net acres.

Manatokan, Alberta - Heavy Oil

The Manatokan oil sands leases are located in east central Alberta near the town of Bonnyville. Numac's property consists of 100 sections of almost exclusively 100% Numac lands. Of these 100 sections, 66 sections have received reduced spacing approval.

Development of the property commenced in late 1995 with the drilling of two wells. The property has been developed to a total of 131 net wells as of December 31, 1999 of which 87 wells are currently operating. Numac also operates a heavy oil battery, which commenced operation in December 1997.

Manatokan production averaged 1,630 Bbls/day in 1999, compared to 1,493 Bbls/day in 1998. Production in 1999 was increased due to the improved heavy oil price environment. The Company has proved reserves of 8.1 million barrels, and 5.5 million barrels of probable additional reserves at December 31, 1999.

Manatokan, Alberta - Natural Gas

The Manatokan gas field is located in the same area as the Manatokan oil sands leases. Numac operates and has an interest in two central compression and dehydration facilities, with 22 producing natural gas wells tied in to the system. Production of natural gas commenced in mid-1993.

Natural gas production averaged 8.7 Mmcf/day, net to Numac, in 1999, compared with a 1998 production level of 7.9 Mmcf/day. The Company has attributed 10.0 Bcf of proved reserves and 4.9 Bcf of probable additional reserves to the area as of December 31, 1999.

Joffre, Alberta

Numac has a 73% working interest in the Joffre Viking Tertiary Oil Unit and a 50% working interest in the Joffre Viking Sand Unit No. 3 located east of the city of Red Deer in central Alberta. The project is a CO₂ miscible tertiary oil recovery project in a previously abandoned oilfield. The Company operates the unit's CO₂ gas compression and a central oil battery. At December 31, 1999 the project consisted of 17 producing wells and 14 operating CO₂ injection wells.

The Joffre project averaged 481 Bbls/day, net to Numac, in 1999, compared to 448 Bbls/day in 1998. As at December 31, 1999, the Company has attributed 4.9 million barrels of proved and 1.0 million barrels of probable additional crude oil reserves, and 1.9 Bcf of proved and 1.0 Bcf of probable additional natural gas reserves to these properties.

Elswick, Saskatchewan

Numac has an interest in 51 gross (31 net) crude oil wells in the Elswick area of southeast Saskatchewan. Production from the area in 1999 averaged 1,229 Bbls/day, net to Numac, compared with 1,299 Bbls/day in 1998.

As at December 31, 1999, Numac attributed 6.2 million barrels of proved and 2.5 million barrels of probable additional crude oil reserves, and 1.5 Bcf of proved and 0.6 Bcf of probable additional natural gas reserves to these properties.

Maple Glen/Leo, Alberta

The Maple Glen/Leo area is located in central Alberta and situated east of Joffre.

Natural gas production averaged 4.6 Mmcf/day, net to Numac, in 1999, compared with 4.2 Mmcf/day in 1998. The Company has attributed 10.5 Bcf of proved reserves and 2.7 Bcf of probable additional reserves to this area as of December 31, 1999.

ASSET OPTIMIZATION

Asset Optimization consists of properties outside Numac's core areas. These properties include Suffield, West Central Saskatchewan and the East Peace River Arch area. In 1999, crude oil and natural gas liquids production averaged 6,321 Bbls/day and natural gas production averaged 18.1 Mmcf/day. As at December 31, 1999, the company has attributed 9.7 million barrels of proved and 4.8 million barrels of probable additional reserves of crude oil and natural gas liquids to the area. At the same time, natural gas reserves were 33.3 Bcf of proved and 31.6 Bcf of probable additional reserves. The undeveloped land acreage at December 31, 1999 was 1,077,150 net acres.

Suffield, Alberta

Suffield is a medium/heavy oil producing area located in southeast Alberta that was discovered by Numac in the late 1970's. Numac's interests in 278 gross (83 net) producing oil wells in the area delivered an average of 2,162 Bbls/day of crude oil, net to Numac, in 1999, compared to an average of 2,058 Bbls/day in 1998.

This area has been the subject of several major studies to improve oil recovery. Since the first experimental horizontal well was drilled at Suffield in 1987, over 95 horizontal wells have been drilled, largely during the past five years. This horizontal drilling program has increased production and recoverable oil by contacting portions of the reservoir not drained by the existing vertical wells.

During 1998 and 1999, significant facility optimization programs resulted in the ability to process increased oil production volumes, and to increase water injection capacity.

The Company has attributed 3.1 million barrels of proved and 1.7 million barrels of probable additional reserves of crude oil to Numac's interests in the Suffield area as at December 31, 1999.

West Central Saskatchewan

As a result of the 1996 acquisition of Smart On Resources Inc., Numac acquired 828,000 acres of undeveloped fee title lands in Alberta, Saskatchewan and Manitoba, the majority of which form a checkerboard pattern within a 9,000 square mile area in west central Saskatchewan. These lands are currently subject to an exploration agreement that expires on May 1, 2000. Production generated on lands earned by the third parties is subject to a lessor overriding royalty paid to Numac of up to 15%. Pursuant to the mandatory annual relinquishment requirements of the agreement, 331,530 acres have reverted to Numac.

In 1999, Numac received approximately 1,058 Bbls/day of crude oil and natural gas liquids royalty production from this area, compared to 1,108 Bbls/day in 1998. This production is free of crown royalties, capital and operating costs. The company has attributed 1.5 million barrels of proved and 0.8 million barrels of probable additional crude oil and natural gas liquids reserves, and 1.3 Bcf of proved and 0.3 Bcf of probable additional natural gas reserves to the area at December 31, 1999.

East Peace River Arch Area, Alberta

Numac operates the majority of the Company's properties in the Otter, Red Earth, and Utikuma fields of northern Alberta. The Company has interests in 138 gross (81 net) crude oil and natural gas wells in these fields. Crude oil production in 1999 averaged 1,982 Bbls/day, net to Numac, compared to 1,919 Bbls/day in 1998.

The Company has attributed 3.1 million barrels of proved and 1.3 million barrels of probable additional reserves of crude oil and natural gas liquids reserves to Numac's interests in the area as at December 31, 1999.

RESERVES

Gilbert has prepared a report dated February 2, 2000 evaluating approximately 82% of the Company's established reserves on an oil equivalent basis and 83% of the present worth of future net cash flow attributable to the properties as of December 31, 1999. Numac engineers evaluated the remaining 18% of the reserves. The amounts in the tables represent the reserves and the present worth of the net pre-tax cash flows attributable to the western Canadian properties of Numac and its subsidiaries.

The reserve report contains an evaluation prior to provision for income tax and indirect costs, including general and administrative expense, overhead recovery, abandonment costs and salvage values. It should not be assumed that the present worth of future net pre-tax cash flows represents the fair market value of the reserves. The present worth value of probable additional reserves, including ARTC, has been reduced by 50% to reflect the degree of risk associated with recovery of such reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized in the notes following the tables.

Petroleum & Natural Gas Reserves and Estimated Present Worth of Net Pre-Tax Cash Flows

Based on Escalating Price Assumptions

	Reserves								Estimated present worth of future net pre-tax cash flows			
	Crude oil (Mbbls)		Natural gas liquids (Mbbls)		Natural gas (Bcf)		Sulphur (Mlt)		Undiscounted	Discounted at		
	Gross	Net	Gross	Net	Gross	Net	Gross	Net		10%	15%	20%
	(millions of dollars)											
Proved												
Producing	30,482	26,502	7,619	5,619	208.6	164.7	419	337	889.2	557.1	482.6	429.5
Non-Producing	11,774	10,603	762	582	59.0	46.5	-	-	173.9	81.0	58.9	43.8
Total Proved	42,256	37,105	8,381	6,201	267.6	* 211.2	419	337	1,063.1	638.1	541.5	473.3
Probable Additional	18,956	16,352	3,012	2,229	125.0	98.9	82	66	248.8	106.4	79.7	62.4
Total Proved and Probable Additional	61,212	53,457	11,393	8,430	392.6	310.1	501	403	1,311.9	744.5	621.2	535.7

Based on Constant Price Assumptions

	Reserves								Estimated present worth of future net pre-tax cash flows			
	Crude oil (Mbbls)		Natural gas liquids (Mbbls)		Natural gas (Bcf)		Sulphur (Mlt)		Undiscounted	Discounted at		
	Gross	Net	Gross	Net	Gross	Net	Gross	Net		10%	15%	20%
(millions of dollars)												
Proved												
Producing	30,540	26,534	7,644	5,635	210.2	163.3	419	337	931.5	592.9	513.4	456.0
Non-Producing	11,782	10,644	750	576	58.3	44.6	-	-	192.0	95.4	71.2	54.5
Total Proved	42,322	37,178	8,394	6,211	268.5	207.9	419	337	1,123.5	688.3	584.6	510.5
Probable Additional	18,988	15,993	3,023	2,247	125.7	96.6	82	66	229.6	97.9	72.7	56.3
Total Proved and Probable Additional	61,310	53,171	11,417	8,458	394.2	304.5	501	403	1,353.1	786.2	657.3	566.8

Notes:

(1) The following definitions have been used in the reserve calculations:

"Gross" means the total of Numac's working interest and/or royalty interest share before deducting royalties owned by others.

"Net" means the total of Numac's working interest and/or royalty interest share after deducting the amounts attributable to the royalties owned by others.

"Royalties" refers to royalties paid to others. The royalties deducted from the reserves are based on the percentage royalty calculated by applying the applicable royalty rate or formula. In the case of Crown sliding scale royalties which are dependent on selling prices, the price forecasts for the individual properties in question have been employed.

"Proved Reserves" means those reserves estimated as recoverable with a high degree of certainty under current technology and existing economic conditions in the case of constant price and cost analyses and anticipated economic conditions in the case of escalated price and cost analyses, from that portion of a reservoir which can be reasonably evaluated as economically productive on the basis of analysis of drilling, geological, geophysical and engineering data, including the reserves to be obtained by enhanced recovery processes demonstrated to be economic and technically successful in the subject reservoir.

"Probable Additional Reserves" means those reserves which analysis of drilling, geological, geophysical and engineering data does not demonstrate to be proved, but where such analysis suggests the likelihood of their existence and future recovery under current technology and existing or anticipated economic conditions. Probable additional reserves to be obtained by the application of enhanced recovery processes will be the increased recovery over and above that estimated in the proved category which can be realistically estimated for the pool on the basis of enhanced recovery processes which can be reasonably expected to be instituted in the future.

"Producing Reserves" means those reserves that are actually on production and could be recovered from existing wells and facilities or, if facilities have not been installed, that would involve a small investment relative to cash flow. In multi-well pools involving a competitive situation, reserves may be subdivided into producing and nonproducing reserves in order to reflect allocation of reserves to specific wells and their respective development status.

"Non-producing Reserves" means those reserves that are not classified as producing.

- (3) Escalating price assumptions - The present worth of future net pre-tax cash flows for Numac's crude oil, natural gas, natural gas liquids, and sulphur reserves were based on escalating price assumptions as follows:

Year	Natural Gas			Sulphur
	Alberta Average	British Columbia	Saskatchewan	Alberta
	Wellhead \$/MMBTU	CanWest Plant Gate \$/MMBTU	Sask Energy Plant Gate \$/MMBTU	Plant Gate CDN\$/LT
2000	2.80	2.55	2.95	14.50
2001	2.65	2.65	2.80	13.50
2002	2.55	2.55	2.70	20.00
2003	2.55	2.55	2.70	27.50
2004	2.55	2.55	2.70	27.50
2005	2.55	2.55	2.70	29.00
2006	2.55	2.55	2.70	30.50
2007	2.60	2.60	2.75	32.00
2008	2.65	2.65	2.80	33.50
2009	2.70	2.70	2.85	35.00
2010	2.75	2.75	2.90	36.00
2011+	+ 1.5%/year	+ 1.5%/year	+ 1.5%/year	+ 1.5%/year

- a) Alberta Average refers to the average price received for gas sold to aggregators including Trans Canada Gas Services (TCGS), PanAlberta and Progas and direct sales.
- b) Prices associated with specific direct natural gas purchase contracts were used where appropriate rather than the system natural gas prices shown above.

Year	Crude Oil				Alberta Natural Gas Liquids			
	West Texas Intermediate at Cushing, Oklahoma	Light Sweet (40° API, 0.3% S) at Edmonton	Medium (25.6° API, 2.1% S) at Hardisty	Heavy (12° API) at Hardisty	Ethane Spec \$/Cdn/Bbl	Propane at Edmonton \$/Cdn/Bbl	Butane at Edmonton \$/Cdn/Bbl	Pentanes Plus at Edmonton \$/Cdn/Bbl
	\$/US/Bbl	\$/Cdn/Bbl	\$/Cdn/Bbl	\$/Cdn/Bbl	\$/Cdn/Bbl	\$/Cdn/Bbl	\$/Cdn/Bbl	\$/Cdn/Bbl
2000	21.00	29.25	25.75	22.25	9.75	19.25	21.25	29.25
2001	20.00	27.50	23.50	20.00	9.25	16.50	17.50	27.50
2002	20.00	27.00	22.50	19.50	8.75	16.00	17.00	27.00
2003	20.00	26.50	22.00	19.00	8.75	15.50	16.50	26.50
2004	20.50	27.00	22.50	19.50	8.75	16.00	17.00	27.00
2005	20.75	27.50	23.00	20.00	8.75	16.50	17.50	27.50
2006	21.00	27.75	23.25	20.25	8.75	16.75	17.75	27.75
2007	21.50	28.25	23.75	20.75	9.00	17.25	18.25	28.25
2008	21.75	28.75	24.25	21.25	9.25	17.75	18.75	28.75
2009	22.00	29.25	24.75	21.75	9.50	18.25	19.25	29.25
2010	22.50	29.50	25.00	22.00	9.50	18.50	19.50	29.50
2011+	+ 1.5%/year	+ 1.5%/year	+ 1.5%/year	+ 1.5%/year	+ 1.5%/year	+ 1.5%/year	+ 1.5%/year	+ 1.5%/year

Capital and operating costs were assumed to escalate at 1.5% per annum.

- (4) Constant price assumptions - The present worth of future net pre-tax cash flows from Numac's crude oil, natural gas, natural gas liquids, and sulphur reserves were based on an estimate of average prices projected for 2000. The prices estimated by Gilbert Laustsen Jung Associates Ltd. for crude oil and natural gas liquids were based on a West Texas Intermediate benchmark price of US\$21.00 per barrel and an average field price for natural gas price of CDN\$2.80 per MMBTU in Alberta, and CDN\$2.55 per MMBTU in British Columbia. Capital and operating costs have not been escalated and the ARTC program has been assumed to be "evergreened" in its 1995 status with its associated royalty credits held at a constant rate of 33.1% of Alberta Crown royalties.
- (5) Royalty credits under the ARTC program have been assumed to be continued in their present price-sensitive form beyond the end of the current three-year rolling term. The ARTC rates and limits for the escalating price case are as follows:

Year	Blended Par Oil Price (\$/Bbl)	Average Par Gas Price (\$/Mcf)	Reference Price (\$/Bbl)	Rate (%)	Maximum Rebate (\$000)
2000	28.52	2.80	31.50	33.073	661.5
2001	26.72	2.65	29.75	40.625	812.5
2002	26.22	2.55	28.75	44.940	898.8
2003	25.72	2.55	28.50	46.018	920.4
2004	26.22	2.55	28.75	44.940	898.8
2005	26.72	2.55	29.00	43.861	877.2
2006	26.97	2.55	29.00	43.861	877.2
2007	27.47	2.60	29.50	41.703	834.1
2008	27.97	2.65	30.25	38.467	769.3
2009	28.47	2.70	30.75	36.310	726.2
2010	28.72	2.75	31.25	34.152	683.0
2011	29.22	2.80	31.75	31.995	639.9
2012	29.72	2.80	32.00	30.916	618.3
2013	30.22	2.85	32.50	28.758	575.2
2014	30.72	2.90	33.00	26.601	532.0
2015+	31.22	2.95	33.50	25.000	500.0

The estimates of future net pre-tax cash flows otherwise assume the continuance of current laws and regulations.

- (6) The \$US/\$CDN exchange rate is assumed to be \$0.69 in 2000, \$0.70 in 2001, \$0.71 in 2002, \$0.72 in 2003, \$0.73 in 2004 and thereafter.
- (7) Estimated capital expenditures (net to Numac) to achieve the estimated present worth of the proved and probable additional reserves based on constant cost assumptions are expected to be \$141.0 million, of which \$42.4 million, \$37.8 million and \$22.1 million are estimated for 2000, 2001 and 2002, respectively and based on escalating cost assumptions to be \$142.7 million, of which \$42.4 million, \$38.1 million and \$22.5 million are estimated for 2000, 2001 and 2002, respectively.

The following table sets out a reconciliation of the proved reserves of crude oil and natural gas liquids and natural gas from December 31, 1997 to December 31, 1999 (before royalties).

	Crude Oil and Natural Gas Liquids (thousands of barrels)	Natural Gas (billions of cubic feet)
Proved reserves at December 31, 1997	57,643	455.0
Dispositions	(5,468)	(71.2)
Revisions	144	(6.3)
Acquisitions, extensions and discoveries	2,972	29.1
Production	(6,554)	(52.6)
Assets held for sale	(1,551)	(51.3)
Proved reserves at December 31, 1998	47,186	302.7
Dispositions	(234)	(12.1)
Revisions	293	(19.4)
Acquisitions, extensions and discoveries	9,280	39.2
Production	(5,888)	(42.8)
Proved reserves at December 31, 1999	50,637	267.6

UNDEVELOPED LAND

The following table indicates, by area, the location of Numac's undeveloped land as at December 31, 1999:

	Acres	
	Gross ⁽¹⁾	Net ⁽²⁾
CANADA		
Alberta	717,629	524,333
British Columbia	692,386	450,560
Saskatchewan	845,028	843,585
Manitoba	8,057	8,057
Northwest Territories	160,283	5,071
East Coast	33,937	2,124
TOTAL CANADA ⁽³⁾	<u>2,457,320</u>	<u>1,833,730</u>

NOTES:

- (1) "Gross" acres are the total acres in which the Company has an interest.
- (2) "Net" acres are the aggregate of the numbers obtained by multiplying gross acres by the Company's percentage working interest therein.
- (3) Included in this acreage is approximately 828,000 acres of freehold title land, the majority of which is in west central Saskatchewan, and is covered by an exploration agreement with a third party. The third party is required to relinquish a minimum percentage of the lands annually with the balance of the unearned acreage relinquished by May 1, 2000.

OIL AND GAS WELLS

The following table sets forth the number and status of wells in which Numac had a working interest and which were producing or considered to be capable of production as at December 31, 1999.

	Producing Wells				Non-Producing Wells ⁽³⁾	
	Crude Oil		Natural Gas		Natural Gas	
	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾
Alberta	908	492	209	111	22	13
British Columbia	27	12	132	97	23	17
Saskatchewan	51	31	-	-	-	-
Total Canada	986	535	341	208	45	30

Notes:

- (1) "Gross" wells are the total wells in which the Company has an interest.
- (2) "Net" wells are the aggregate of the number obtained by multiplying gross wells by the Company's percentage working interest therein.
- (3) Non-producing natural gas wells are wells which have encountered reserves, and are capable of producing, but which are not producing due to lack of transportation facilities, available markets or other reasons.

PRODUCTION HISTORY

The following table summarizes the Company's production, before deduction of royalties, for the years indicated.

	1999	1998	1997
Crude oil and natural gas liquids production			
(Mbbbls)	5,888	6,554	7,496
(Bbls/day)	16,132	17,956	20,537
Natural gas production			
(Mmcf)	42,762	52,633	51,385
(Mmcf/day)	117.2	144.2	140.8

AVERAGE CRUDE OIL AND NATURAL GAS LIQUIDS PRODUCTION
(barrels per day, before deduction of royalties)

	<u>1999</u>	<u>% of Total</u>	<u>1998</u>	<u>% of Total</u>
ALBERTA				
Ferrier	2,664	16.5	2,215	12.3
Suffield	2,162	13.4	2,058	11.5
East Peace River Arch	1,982	12.3	1,919	10.6
Caroline	1,652	10.2	1,705	9.5
Manatokan	1,630	10.1	1,493	8.3
Crystal	498	3.1	516	2.9
Joffre	481	3.0	448	2.5
Others	1,158	7.2	2,123	11.8
	<u>12,227</u>	<u>75.8</u>	<u>12,477</u>	<u>69.4</u>
SASKATCHEWAN				
Elswick	1,229	7.6	1,299	7.2
West Central Royalty	1,058	6.5	1,108	6.2
Others	10	0.1	1,623	9.1
	<u>2,297</u>	<u>14.2</u>	<u>4,030</u>	<u>22.5</u>
BRITISH COLUMBIA				
Tommy Lakes/Martin	911	5.6	659	3.6
Stoddart	559	3.5	472	2.6
Others	138	0.9	318	1.9
	<u>1,608</u>	<u>10.0</u>	<u>1,449</u>	<u>8.1</u>
	<u>16,132</u>	<u>100.0</u>	<u>17,956</u>	<u>100.0</u>

AVERAGE NATURAL GAS PRODUCTION
(millions of cubic feet per day, before deduction of royalties)

	<u>1999</u>	<u>% of Total</u>	<u>1998</u>	<u>% of Total</u>
ALBERTA				
Ferrier	13.0	11.1	9.0	6.2
Manatokan	8.7	7.4	7.9	5.5
Calling Lake	5.6	4.8	5.3	3.6
Maple Glen/Leo	4.6	3.9	4.2	2.9
Caroline	3.7	3.2	3.7	2.6
Gold Creek	3.6	3.1	4.4	3.1
Lovett River	3.2	2.7	-	-
Others	8.6	7.3	22.4	15.6
	<u>51.0</u>	<u>43.5</u>	<u>56.9</u>	<u>39.5</u>
SASKATCHEWAN				
Hatton/Sandhills	-	-	9.9	6.9
Others	1.0	0.9	1.1	0.7
	<u>1.0</u>	<u>0.9</u>	<u>11.0</u>	<u>7.6</u>
BRITISH COLUMBIA				
Tommy Lakes/Martin	39.6	33.8	42.6	29.5
Monias	9.0	7.7	9.1	6.3
Red Creek	3.7	3.1	3.9	2.7
Stoddart	2.9	2.5	3.8	2.6
Parkland	1.8	1.5	1.7	1.2
Others	8.2	7.0	15.2	10.6
	<u>65.2</u>	<u>55.6</u>	<u>76.3</u>	<u>52.9</u>
	<u>117.2</u>	<u>100.0</u>	<u>144.2</u>	<u>100.0</u>

DRILLING ACTIVITY

Numac drilled or participated in the drilling of the following wells during the periods indicated:

	1999		1998	
	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾
Crude oil	51	24.8	20	9.8
Natural gas	33	21.9	89	35.3
Abandoned	17	15.2	13	8.2
Total	<u>101</u>	<u>61.9</u>	<u>122</u>	<u>53.3</u>

Notes:

- (1) "Gross" wells are the total wells, excluding service wells and stratigraphic test wells, in which the Company has a working interest.
- (2) "Net" wells are the aggregate of the numbers obtained by multiplying each gross well by the Company's percentage working interest therein.

CAPITAL EXPENDITURES

The following table summarizes the Company's capital expenditures (in thousands) for the periods indicated:

	1999	1998
Land acquisitions and retention	\$ 22,094	\$ 5,255
Land dispositions	(5,080)	-
Exploration	30,848	18,179
Development	60,882	68,213
Property acquisitions	20,552	4,595
International	19	1,433
Other	1,069	668
	<u>130,384</u>	<u>98,343</u>
Property dispositions	(69,985)	(110,372)
Net capital expenditures (divestitures)	<u>\$ 60,399</u>	<u>\$ (12,029)</u>

SELECTED CONSOLIDATED FINANCIAL INFORMATION

(in thousands of dollars, except per share amounts)

The following is a summary of selected financial information of the Company for the periods indicated.

	Years Ended December 31,				
	1999	1998	1997	1996	1995
Revenue	\$ 234,189	\$ 194,259	\$ 257,137	\$ 239,997	\$ 227,727
Funds from operations	137,737	78,207	128,196	122,058	117,500
Net income (loss)	40,398	(131,777)	(579)	16,933	(178,800)
Net income (loss) per share (basic and fully diluted)	0.42	(1.38)	(0.01)	0.18	(1.91)
Total assets	527,367	495,026	785,464	689,596	612,056
Long-term debt	154,433	216,859	267,484	191,739	191,253
Total liabilities	283,316	291,458	449,059	301,238	262,108
Shareholders' equity	\$ 244,051	\$ 203,568	\$ 336,405	\$ 388,358	\$ 349,948

SELECTED QUARTERLY FINANCIAL INFORMATION

(in thousands of dollars, except per share amounts)

	Three Months Ended			
	Mar 31	Jun 30	Sep 30	Dec 31
1999				
Revenue	43,256	52,731	62,940	75,262
Net income	970	5,212	14,694	19,522
Net income per share (basic and fully diluted)	0.01	0.05	0.16	0.20
1998				
Revenue	56,434	46,954	44,937	45,934
Net loss	(3,514)	(8,786)	(114,754)	(4,723)
Net loss per share (basic and fully diluted)	(0.04)	(0.09)	(1.20)	(0.05)

Net income (loss) per share is based on the weighted average number of common shares outstanding in the period.

DIRECTORS and OFFICERS

The following table provides information in respect of the directors and officers of Numac Energy Inc. at March 24, 2000.

<u>Name, Municipality of Residence, and Principal Occupation for the Past Five Years</u>	<u>Office Held</u>	<u>Director/Officer Since</u>
DONALD J. TAYLOR ^{(1) (2) (3)} Jackson's Point, Ontario Chairman of Enbridge Inc. since May 1996. Director of Enbridge Inc. since 1990, and Consumers Gas Company since 1994.	Chairman	1993
COLIN K.Y. LAM Hong Kong Vice Chairman and Deputy General Manager of Henderson Land Development Co. Ltd. (a property investment and development company) since 1993, and a director of various corporations.	Director	1994
DANIEL K.K. LAM ^{(1) (3)} Toronto, Ontario Vice-President and Director of HSBC Securities Inc. (an investment dealer) since January 1998. Vice-President and Director of Thomson Kernaghan & Co. Ltd. from September 1990 to December 1997.	Director	1993
SAMMY S. LEE London, England Executive Director of CTF Holdings Inc. (hotel investment) since 1996.	Director	1999
W. DARCY McKEOUGH ^{(1) (3) (5)} Chatham, Ontario Chairman, McKeough Supply Inc. (a plumbing and heating wholesaler).	Director	1993

Name, Municipality of Residence, and Principal Occupation for the Past Five Years	Office Held	Director/Officer Since
MICHAEL C. M. PEI ^{(1) (2)} Hong Kong Assistant to Managing Director of New World Development Co. Ltd. (a property development company) since 1993. Director of Tai Fook Finance Co. Ltd. from January 1988 to August 1996.	Director	1993
THEODORE H. RENNER ^{(1) (2) (6)} Regina, Saskatchewan President and CEO of Kiora Resources Inc. since 1984. President and CEO of Magin Energy Inc. from 1994 to 1995. Chairman and CEO, Vista Energy Inc. from 1995 to 1999.	Director	1997
S. F. AMBROSE SO Hong Kong Director and Company Secretary of Shun Tak Holdings Ltd. (a diversified investment company) since October 1991.	Director	1993
LAWRENCE G. TAPP ^{(3) (4)} London, Ontario Dean, Richard Ivey School of Business, University of Western Ontario since September 1995. Executive in Residence and Adjunct Professor, Faculty of Business, University of Toronto from 1993 to 1995.	Director	1997
DOUGLAS W. PALMER ^{(1) (2)} Calgary, Alberta President and Chief Executive Officer of Numac Energy Inc. since July 20, 1998. Senior Vice-President and Chief Operating Officer of Norcen Energy Resources Ltd. from November 1994 to March 1998.	Director, President, and Chief Executive Officer	1998

Name, Municipality of Residence, and Principal Occupation for the Past Five Years	Office Held	Director/Officer Since
DALE J. HOHM Calgary, Alberta Vice-President, Finance and Corporate Secretary of Numac Energy Inc. since October 1995. Vice-President, Audit of Numac Energy Inc. from August 1993 to October 1995.	Vice-President, Finance and Corporate Secretary	1993
JOHN A. HOWARD Calgary, Alberta Vice-President, Operations of Numac Energy Inc. since November 1999. Team Leader of Operations at Numac Energy from August 1998 to November 1999. Manager, Heavy Oil at Numac from November 1997 to August 1998. Manager, Facilities and Heavy Oil at Numac from April 1996 to November 1997. Superintendent, Facilities at Numac from August 1995 to April 1996.	Vice-President, Operations	1999
MICHEL E. SCOTT Calgary, Alberta Vice-President, Marketing and Business Development of Numac Energy Inc. since April 1996. Vice-President, Marketing of Numac Energy Inc. from 1993 to 1996.	Vice-President, Marketing and Business Development	1993
DAVID J. SPRAGUE Calgary, Alberta Vice-President, Exploitation of Numac Energy Inc. since November 1998. Exploration Manager, Western Canada of Chevron Resources from 1997 to October 1998. Exploration, Development and Production Team Leader for various areas in western Canada at Chevron Resources from 1993 to 1997.	Vice-President, Exploitation	1998

Notes:

- (1) Member of Executive and Governance Committee.
- (2) Member of Human Resources Committee.
- (3) Member of Audit Committee.
- (4) Chairman of Audit Committee.
- (5) Chairman of Executive and Governance Committee.
- (6) Chairman of Human Resources Committee.

As at March 24, 2000, the directors and officers of the Company, as a group, owned, directly or indirectly, or exercised control or direction over 161,714 common shares of the Company, less than 1% of the issued outstanding common shares.

Information regarding share ownership and principal occupations is based on information provided by the directors and officers.

The terms of each of the directors expire at the next Annual Meeting of shareholders of the Company to be held on May 11, 2000 and their successors' terms will expire at the next annual meeting of shareholders thereafter or so soon thereafter as their successors are duly appointed.

DIVIDEND POLICY

It is not the policy of the Board of Directors of the Company to declare regular dividends on the common shares. Future earnings will be retained to finance further exploration, development and other capital investments. This policy will be reviewed periodically by the Board of Directors and is subject to change depending on factors such as the earnings, capital requirements and other conditions existing at such time.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Reference is made to the section entitled "Management's Discussion and Analysis" on pages 13 to 21, inclusive, of Numac's 1999 Annual Report, which section is incorporated by reference herein.

MARKET FOR SECURITIES

Numac common shares are listed for trading on The Toronto Stock Exchange (TSE) and the American Stock Exchange (AMEX) (Trading Symbol: NMC). The following table sets forth the price range and trading volume of such shares in 1999, as reported by the TSE and AMEX:

	TSE (CDN Dollars)			AMEX (U.S. Dollars)		
	High	Low	Volume	High	Low	Volume
1999						
First Quarter	\$ 3.50	\$ 2.20	995,895	\$ 2.38	\$ 1.50	153,100
Second Quarter	4.50	3.26	1,571,452	2.81	2.13	396,000
Third Quarter	6.20	3.75	1,994,688	4.19	2.38	1,302,000
Fourth Quarter	5.80	4.05	1,398,681	3.94	2.81	711,400

ADDITIONAL INFORMATION

Additional information, including: directors' and officers' remuneration and indebtedness; principal holders of the Company's securities; options to purchase the Company's securities; interests of insiders in material transactions, where applicable; is contained in the Information Circular - Proxy Statement of the Company dated March 24, 2000, which relates to the Annual Meeting of Shareholders to be held on May 11, 2000 and additional financial information is provided in the Company's Annual Report, which contains the audited comparative financial statements and Management's Discussion and Analysis for the year ended December 31, 1999, which information is incorporated herein by reference.

The Company will provide to any person, upon request to the Corporate Secretary of the Company:

1. when the securities of the Company are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed in respect of a proposed distribution of its securities:
 - (a) one copy of the Company's latest Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference therein;
 - (b) one copy of the comparative financial statements of the Company for its most recently completed financial year in respect of which such financial statements have been issued together with the accompanying report of the auditors thereon, and one copy of any interim financial statements of the Company subsequent to the financial statements for its most recent financial year;
 - (c) one copy of the Information Circular - Proxy Statement of the Company in respect of the most recent annual meeting of shareholders of the Company that involved the election of directors; and
 - (d) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus that are not required to be provided under paragraphs (a), (b) and (c) above; or
2. at any other time, one copy of any of the documents referred to in paragraphs 1. (a), (b) and (c) above, provided the Company may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Company.

The Corporate Secretary of the Company may be contacted as follows:

Dale J. Hohm
Vice-President, Finance and Corporate Secretary
Numac Energy Inc.
Energy Plaza
700, 321 - 6 Avenue SW
Calgary, AB T2P 3H3

ABBREVIATIONS

The following abbreviations are used to represent the following terms:

"**ARTC**" means Alberta Royalty Tax Credits;

"**Bbl**" means barrel and "**Bbls**" means barrels;

"**Bbls/day**" means barrels per day;

"**Bcf**" means one billion cubic feet;

"**BOE**" means barrels of oil equivalent, with natural gas converted at 10 Mcf of gas per Bbl of oil;

"**LT**" means long tons;

"**Mbbls**" means 1,000 barrels;

"**Mcf**" means 1,000 cubic feet;

"**Mcf/day**" means 1,000 cubic feet per day;

"**Mlt**" means 2,240,000 pounds;

"**MMBTU**" means 1,000,000 British Thermal Units;

"**Mmcf**" means 1,000,000 cubic feet;

"**Mmcf/day**" means 1,000,000 cubic feet per day;

"**NGLs**" means natural gas liquids;

"**WTI**" means West Texas Intermediate, the benchmark crude for pricing purposes; and

"**\$000s**" means thousands of dollars.

CONVERSION

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units).

To convert from:	To:	Multiply by:
Mcf	cubic metres	28.174
cubic metres	cubic feet	35.494
Bbls	cubic metres	0.159
cubic metres	Bbls	6.289
acres	hectares	0.405
hectares	acres	2.4711

Reconciliation to Accounting Principles Generally Accepted in the United States

Numac's financial statements are prepared in accordance with accounting principles generally accepted (GAAP) in Canada which, in some respects, differ from those generally accepted in the United States (U.S.). The following are those policies that result in significant differences:

(i) **Property, Plant and Equipment**

Numac follows the Full Cost Accounting Guideline as established by the Canadian Institute of Chartered Accountants. Under this guideline, the net carrying value of the Company's oil and gas properties is limited to an estimated recoverable amount calculated as aggregate undiscounted future net revenues, after deducting future general and administrative costs, financing costs, and income taxes. In accordance with the full cost method of accounting as set out by the U.S. Securities and Exchange Commission, the net carrying value is limited to a standardized measure of discounted future cash flows, before financing and general and administrative costs. Where the amount of a ceiling test write-down under Canadian GAAP differs from the amount of a write-down under U.S. GAAP, the charge for depreciation and depletion under U.S. and Canadian GAAP will differ in subsequent years.

(ii) **Foreign Exchange Gains and Losses**

All long-term debt denominated in U.S. funds is translated into Canadian dollars at exchange rates prevailing at the end of the year. The resulting unrealized foreign exchange gains and losses are deferred and amortized on a straight-line basis over the life of the debt. U.S. GAAP requires that such gains and losses be included in the determination of income for the year.

(iii) **Reduction of Deficit**

Canadian GAAP allows for the elimination of operating deficits by the reduction of stated capital attributable to common shares and contributed surplus. On May 13, 1999, the shareholders of Numac approved a special resolution to eliminate the Company's \$303,628,000 deficit as at December 31, 1998 through a \$72,178,000 reduction in contributed surplus and a \$231,450,000 reduction in share capital. U.S. GAAP does not allow for an elimination of the deficit by shareholder resolution.

(iv) **The Company has not determined the impact of FAS 133.**

The following tables set out the significant differences in the consolidated financial statements using U.S. GAAP. Certain comparative figures have been reclassified to conform with the 1999 presentation.

(a) Consolidated Net Income (Loss)

	<u>1999</u>	<u>1998</u>
Net income (loss) as reported	\$ 40,398	\$ (131,777)
Adjustments:		
Depletion and depreciation	14,935	103,194
Foreign exchange gain (loss)	15,122	(7,685)
Future income tax expense	<u>(6,767)</u>	<u>(75,160)</u>
Adjusted net and comprehensive income (loss)	<u>\$ 63,688</u>	<u>\$ (111,428)</u>
Net income (loss) per common share:		
Canadian GAAP	\$ 0.42	\$ (1.38)
U.S. GAAP	\$ 0.67	\$ (1.17)

(b) Consolidated Balance Sheets

	<u>1999</u>		<u>1998</u>	
	<u>CDN GAAP</u>	<u>US GAAP</u>	<u>CDN GAAP</u>	<u>US GAAP</u>
Property, plant and equipment - net	\$ 474,648	\$ 384,875	\$ 411,621	\$ 306,913
Deferred foreign exchange loss	\$ 1,858	\$ -	\$ 16,980	\$ -
Future income tax (liability) asset	\$ (32,078)	\$ 8,190	\$ 1,750	\$ 48,785
Share capital	\$ 203,653	\$ 435,103	\$ 435,018	\$ 435,018
Contributed surplus	\$ -	\$ 72,178	\$ 72,178	\$ 72,178
Retained earnings (deficit)	\$ 40,398	\$ (314,593)	\$ (303,628)	\$ (378,281)

Undertaking

Numac Energy Inc. undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Securities and Exchange Commission ("Commission") staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

Signature

Pursuant to the requirements of the Exchange Act, Numac Energy Inc. certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

Registrant: Numac Energy Inc.

By:

"Dale J. Hohm"

Dale J. Hohm

Vice-President, Finance
and Corporate Secretary

Consent of Independent Engineering Consultants

We consent to the reference to our firm under the subheading "Reserves" in the Annual Information Form dated March 24, 2000 filed with the Annual Report on Form 40-F of Numac Energy Inc. for the year ended December 31, 1999.

Gilbert Laustsen Jung Associates Ltd.

Calgary, Canada
March 24, 2000

By: "James H. Willmon"
Name: James H. Willmon
Title: Vice-President

Consent of Independent Chartered Accountants

We consent to the incorporation by reference in the Annual Report (Form 40-F) of Numac Energy Inc. for the year ended December 31, 1999 of our report dated January 28, 2000 included in the 1999 Annual Report to Shareholders of Numac Energy Inc.

Our audit also included the Reconciliation to Accounting Principles Generally Accepted in the United States, in this Annual Report (Form 40-F). This information is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audit. In our opinion, the financial statement information referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

Calgary, Canada
January 28, 2000

"PricewaterhouseCoopers LLP"
Chartered Accountants

